



Consumer Tip July 2016: Are You Ready for Online Bill Pay?



While paying your bills is never fun, paying them online makes it a much easier process. Online bill pay has become much more popular in recent years, mostly due to convenience. While some consumers may be wary of the security risks associated with virtual payments, research has actually shown there is a lower risk of identity theft and other cybercrime using online bill pay rather than sending payments by mail. Plus, there's the time and money you'll save over the duration of a year by not writing out checks, filing the paperwork and buying stamps.

Below are tips to help assure consumers that online bill pay may be the best option for them.

What is Online Bill Pay?

Online bill pay is designed to be quick and easy to use, and most banking institutions and businesses offer this service free of charge. However, some online bill pay service companies will tack on a convenience fee. There are generally two ways to pay your bills online. You can pay through an internet banking product provided by either your bank or a service provider (such as a phone company or credit card company), or you can log into a biller's website and pay using a credit card or debit from your bank account. Using an online bill pay service, you can choose to either manually enter your payments each month or set up an automatic withdrawal from your account for bills that are the same every month. With automatic withdrawal, it's best to set up your payments in advance of their due date to ensure you never pay late fees. How it works is simple—the creditor will transfer funds directly from your bank and apply those funds to your account.

Some payees are not set up for electronic payments. In that event, your online bill payment will actually be sent as a paper check, originated by your bank. Allow extra time for delivery to avoid late fees, and check the online bill pay template for the delivery date.

Is Online Bill Pay Safe?

Keep in mind that all financial transactions involve some form of risk. However, the risks associated with online bill pay are mostly preventable. It's important to understand that most identity theft occurs when a thief steals your wallet, your trash or reroutes your incoming mail without you knowing. One of

the best ways to protect yourself from identity theft is to stop sending and receiving paper documents that have your confidential information on them—such as checks, bank statements, credit card statements and bills—through the mail. When you switch to online bill pay and online statements, you are required to password protect your computer or mobile device as well as your account. An additional layer of security comes from banks having the highest levels of security and generally providing protection against unauthorized transactions.

Tips for Online Bill Pay

The following computer security precautions should be taken when using online bill pay or any other instances when financial information is shared online.

- Log onto your bank's website using a secure internet connection only, not an open wireless network like in a coffee shop, library or hotel. Never use a public computer.
- Regularly monitor your online banking transactions to ensure no suspicious activity is occurring.
- Change your passwords every 30 to 60 days, and ensure you have strong passwords that contain a combination of upper and lower case letters as well as symbols.
- Beware of fraudulent phishing emails that may appear legitimate. If the email requires you to update or verify your personal/financial account information urgently, never do it and don't click on links in the email. Instead call your bank or the service provider, or type in the website yourself.
- Maintain anti-virus and anti-spam software on your computer to block as many spam, junk and phishing emails as possible.

Online bill pay can truly simplify your financial life by saving you time, eliminating expenses and streamlining this not-so-fun process—freeing up time that can be spent on things you enjoy. It's easier than you think to set up online bill pay, and your local community banker would be happy to tell you more or walk you through the steps.

This information is provided with the understanding that the association is not engaged in rendering specific legal, accounting, or other professional services. If specific expert assistance is required, the services of a competent, professional person should be sought.