

Choosing how to pay bills

Your choice of bill payment methods may help you save time, save money, avoid additional or unnecessary fees, and create a reliable track record of bill payments.

In general, you can pay your bills using:

- Cash
- Checks
- Credit or debit cards
- Money orders
- Online or mobile bill payments
- Prepaid cards

Picking a method that helps you consistently pay your bills on time can help you build a payment record that may improve your ability to access credit.

There are benefits and drawbacks to each method. For example, if you prefer to pay bills in-person using cash, you have to get to a payment location, which costs you time and gas money or transit fare. If you use automatic bill payment from a checking account, you'll save time, but you'll need to make sure you have enough money in the account to cover the payment. Otherwise, you may risk a rejected payment or an overdraft fee. If you pay by credit card and can't pay off the balance in full each month, you'll have to pay interest, which will add to what you owe.

What to do

- **Read through the bill payment methods.**
- **Consider the features of each.** Some features can be either advantages or disadvantages, depending on what is important to you.
- **Decide which method to pay your bills is the right choice for you.** Remember that you don't have to pick just one payment method for all your bills. For example, you might put your rent or mortgage on automatic payment but pay your other bills one by one with cash.



Choosing how to pay bills can help you save money and time

1. Evaluate the benefits and risks of each bill payment method.
2. Write down questions you have about options that you think could be right for you.

	✓ BENEFITS	! RISKS	? QUESTIONS I HAVE
Cash	<ul style="list-style-type: none">▪ Easy to use and understand▪ There are often no fees, unlike getting a money order or a prepaid card	<ul style="list-style-type: none">▪ Requires bills be paid in person▪ Difficult to prove payment unless you have a receipt▪ May be stolen	
Check	<ul style="list-style-type: none">▪ Convenient once checking account is set up▪ Can be mailed▪ Easy to prove payment if there's a dispute▪ Funds in the checking account are secure	<ul style="list-style-type: none">▪ Likely requires a checking account, which may not be possible if you have a negative banking history▪ If you don't have enough money in your account to cover your check, you may be charged nonsufficient fund or overdraft fees▪ Can get lost in the mail	

✓ BENEFITS**! RISKS****? QUESTIONS I HAVE**

	✓ BENEFITS	! RISKS	? QUESTIONS I HAVE
Credit card	<ul style="list-style-type: none">▪ Can pay bills by phone or online▪ Can make one-time payments or set up recurring (automatic) payments, which reduce the chance of paying a bill late▪ Easy to prove payment if there's a dispute▪ Protected from paying for unauthorized charges	<ul style="list-style-type: none">▪ Creates debt—you are borrowing money when you use a credit card▪ Costs more if you can't pay the full balance and have to pay interest▪ Creates another bill to pay once the credit card bill is due	
Debit card	<ul style="list-style-type: none">▪ Convenient and saves time▪ Can make one-time payments or set up recurring (automatic) payments, which reduce the chance of paying a bill late▪ Easy to prove payment if there's a dispute	<ul style="list-style-type: none">▪ If there isn't enough money in the account when the automatic debit happens, you may have to pay additional fees▪ If you have to replace the card, you will have to remember to update the information with the billers that are being paid with automatic debit	
Money order	<ul style="list-style-type: none">▪ Easy to understand▪ Can be mailed▪ Can be more secure than a check in some cases, as no personal banking information is on the money order	<ul style="list-style-type: none">▪ May be inconvenient because you have to buy the money order▪ Cost per money order▪ May be hard to prove payment unless you have the money order receipt and receive the receipt for payment▪ Hard to recover if lost	

✓ BENEFITS

! RISKS

? QUESTIONS I HAVE

<p>Online or mobile bill payment</p>	<ul style="list-style-type: none"> ▪ Convenient and saves time ▪ Can be set up with a bank, credit union, or prepaid card account (through the account provider's online website or mobile app), or through the biller's website ▪ Can make one-time payments or set up recurring (automatic) payments, which reduce the chance of paying a bill late ▪ If set up through your bank, credit union, or prepaid card account, you may be able to receive warnings or alerts if your account balance goes below a certain amount ▪ You can often use a mobile app for bill payment 	<ul style="list-style-type: none"> ▪ Takes time to set up and learn ▪ Possible risks of overdraft and fees or a rejected payment if there isn't enough money in the account when the payment occurs ▪ Data may be collected and shared in ways that you don't want ▪ Mobile device can be lost or stolen, allowing potential access to your financial information ▪ Financial information may be vulnerable to theft if mobile app is used on public Wi-Fi ▪ Some checking account and prepaid card providers don't let you set up recurring bill payments through their websites. But you can likely still do so through the biller's website 	
<p>Prepaid card</p>	<ul style="list-style-type: none"> ▪ Convenient ▪ Can pay bills over the phone, online, or through a mobile app ▪ Easier to prove payment if there is a dispute 	<ul style="list-style-type: none"> ▪ Possible fees for using the card to pay a bill, which would be listed in the card agreement 	

This tool is included in the Bureau of Consumer Financial Protection's Your Money, Your Goals: A financial empowerment toolkit. The Bureau has prepared this material as a resource for the public. This material is provided for educational and information purposes only. It is not a replacement for the guidance or advice of an accountant, certified financial advisor, or otherwise qualified professional. The Bureau is not responsible for the advice or actions of the individuals or entities from which you received the Bureau educational materials. The Bureau's educational efforts are limited to the materials that the Bureau has prepared.

This tool may ask you to provide sensitive information. The Bureau does not collect this information and is not responsible for how your information may be used if you provide it to others. The Bureau recommends that you do not include names, account numbers, or other sensitive information and that users follow their organization's policies regarding personal information.