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INGO Payments

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From Rents to Refunds: The Push for Faster Payments in Property Management

Money Mobility Tracker® Series

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APRIL 2024

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Series

Rent payments are a routine fact of life for anyone who leases or rents property. However, shifting economic conditions have left property managers frustrated with slow or delayed payments. The adoption of digital payment options could accelerate these transactions significantly while simultaneously improving renter satisfaction.

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Acknowledgment

The Money Mobility Tracker® Series is produced in collaboration with Ingo Payments, and PYMNTS Intelligence is grateful for the company's support and insight. PYMNTS Intelligence retains full editorial control over the following findings, methodology and data analysis.

Introduction

More than 34% of Americans rent their homes, representing billions of dollars in payments made each month to landlords and property managers. Despite this substantial sum, rent payments often rely on outdated and inefficient methods, such as paper checks, wire transfers and other systems, which can lead to delays.

Many property managers are seeking to expedite these payments, both to prevent errors and delays and to enhance tenant satisfaction in the payments process. Modernizing payment practices can also enable property managers to disburse funds back to renters — potentially in real time — when needed, such as for refunds or returning security deposits.



Revamping Rents

Economic Factors Push Property Managers to Accelerate Rent Collection

Since the pandemic, turbulent economic conditions in the United States have resulted in persistent [rent arrears](#) in high-cost markets such as New York City. A recent survey reported that 13% of renter households missed one or more rent payments in 2023 — the same share as in 2021. While renters' financial situations contribute to this trend, subpar payment systems do not help.



44%

of Generation Z renters are dissatisfied with their [property management](#) companies.

Half of U.S. tenants struggle to make their monthly rent payments.

Challenging financial conditions, driven by high inflation and living expenses, are placing increasing pressure on U.S. renters and homeowners. As a result, nearly half are struggling to keep up with their [monthly housing payments](#), according to a study. In fact, many are making significant sacrifices in their daily lives just to cover their payments, with some resorting to drastic measures. Twenty-two percent of respondents report skipping meals, while nearly 21% are working extra hours or selling belongings. Additionally, roughly 18% have borrowed money from friends and family, and 17.6% have pulled money from their retirement savings. Furthermore, 15.6% have either delayed or skipped medical treatments to save money for housing.

Revamping Rents

These financial challenges — which contribute to late or missed rent payments — directly affect the operational performance and financial stability of property managers. In response to renters' struggles, many property managers may feel compelled to accelerate rent collection, such as by adopting instant payment options. This approach aims to prevent renters from defaulting on their obligations should unexpected financial expenses arise in the interim.

Renters' satisfaction with their current property management has fallen in the past year.

A recent survey revealed a decline in [renter satisfaction](#) with property management, dropping from 72% in 2022 to 66% in 2023. Satisfaction was the lowest among Generation Z respondents, at only 56%. Dissatisfied renters are twice as likely as satisfied renters to be actively searching for a new home. Moreover, 41% of dissatisfied renters intend to move to a property at the end of their lease, compared to 21% of satisfied renters. As satisfaction with property management systems declines, property management firms' profits also decrease as tenants abandon them for their competitors.

Almost half of dissatisfied renters expressly cited “seeking a better property manager” as the reason for their plans to move, whereas satisfied renters were more inclined to cite price and upgrades as their reasons for moving. In addition, being offered digital tools to manage their rentals was one of the top features of importance to renters, at 42% overall and 54% among millennials.

Accelerating Rent Payments

Speedy Payments Boost Renter Satisfaction

Making rent payments faster via digital methods not only boosts property managers' bottom lines but also enhances renters' satisfaction, increasing the likelihood of lease renewals.

77% 

of renters say it is faster and easier to pay rent online.

Renters are accustomed to paying rent digitally and want the added convenience of instant payments.

More than half of renters pay rent online, with 77% citing greater ease and speed than traditional methods like paper checks or money orders as their primary reasons for doing so. Renters who pay online also report a significantly higher satisfaction rate than those who don't, at 77% and 35%, respectively. Property managers can likely further augment renters' appreciation for swiftness and convenience by adopting instant payment channels to make payments even faster and easier.

Accelerating Rent Payments



Most renters favor fast, free online payments.

A new report shows that roughly 84% of renters want the ability to pay rent online without facing service charges, such as processing fees associated with automated clearing house (ACH) payments. Companies that either waived or absorbed payment fees saw nearly 85% of renters use digital payment features. Firms that passed the fee on to renters, however, saw utilization rates of just 47%.

Adopting digital payments could also save property management companies money by eliminating the typical check processing charge of \$1 to \$2 per check. A 10% increase in digital payments could amount to thousands of dollars of savings each year, depending on the number of units a company manages.

Streamlining Expense Management

Leveraging Instant Payments to Optimize Expense Management

Property management firms can oversee thousands of homes in their portfolios, presenting numerous opportunities for payment errors and delays that can disrupt the entire system. Implementing instant payments — both inbound and outbound — can ensure prompt and accurate fund allocation.



72%

of renters are very or extremely satisfied with receiving refunds via [digital payment methods](#).

Property management payments are due for a digital remodel.

In a recent interview with PYMNTS Intelligence, AppFolio's vice president of product and payments, Adam Feinstein, explained that implementing [push-to-debit systems](#) in the property management sector could accelerate payments, reduce reliance on paper checks and invoices, and eliminate the typical three-day settlement periods related to ACH transactions. This in turn supports cash flow for property managers and the many vendors who help maintain their properties, such as repair technicians, painters, landscapers, suppliers and so on.

AppFolio, a cloud-based property management software provider, has partnered with Ingo Payments to extend push-to-debit services to the thousands of property management clients it currently serves, facilitating everything from vendor payments to renter refunds. According to Feinstein, push-to-debit could lead to new opportunities to embed payments more fully into the property manager's workflow.

Streamlining Expense Management



Property managers leveraging instant pay gain a competitive advantage.

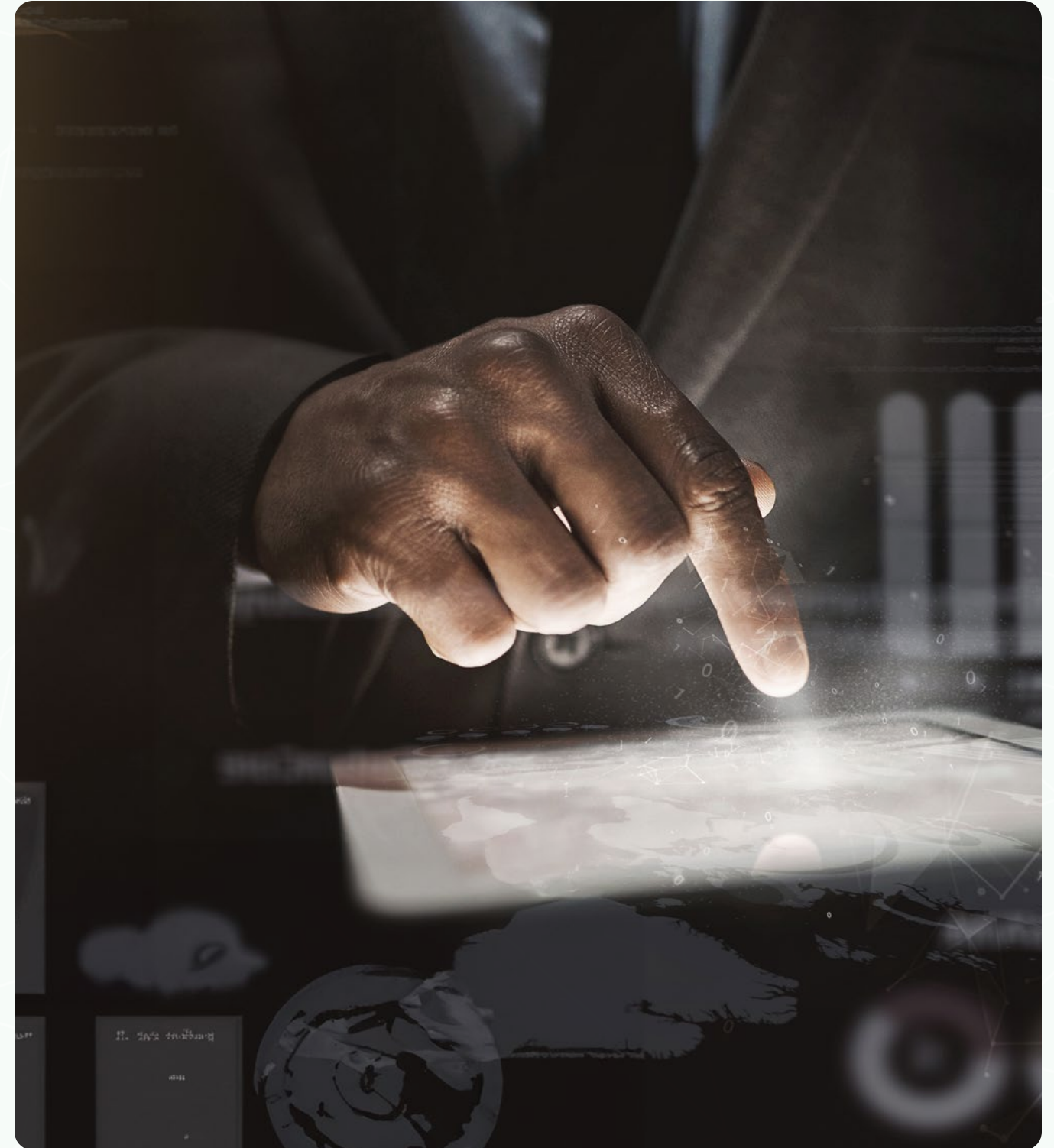
In addition to enabling the real-time delivery of rent money, instant payments also facilitate immediate disbursements of rent-related refunds, thereby fostering trust among renters. A recent study shows that more than half of renters were offered instant payments as an option for receiving refunds, with two-thirds embracing this expedited method. Renters who opted for instant payments cited receiving their funds quickly and securely as the top reasons for their preference. Most importantly, 72% of renters who received refunds via digital methods reported being very or extremely satisfied. This indicates that property managers who offer instant payments may have a competitive advantage in attracting and retaining tenants over those who don't.

Call to Action

Why Property Managers Need to Implement Faster Payments

Property management companies can greatly benefit from adopting faster payment methods for two primary reasons. First, these methods expedite the flow of cash, providing quicker access to funds and enabling more agile decision-making processes. Second, they enhance tenant satisfaction, meeting modern expectations for convenience and efficiency across all financial transactions.

In today's digital economy, consumers expect their rental payments to be as fast and streamlined as those they encounter in all other aspects of their digital lives. Faster payment options not only offer property management companies better cash management and efficiency but also can differentiate them from competitors and position them as industry leaders.



About

PYMNTS INTELLIGENCE

[PYMNTS Intelligence](#) is a leading global data and analytics platform that uses proprietary data and methods to provide actionable insights on what's now and what's next in payments, commerce and the digital economy. Its team of data scientists include leading economists, econometricians, survey experts, financial analysts and marketing scientists with deep experience in the application of data to the issues that define the future of the digital transformation of the global economy. This multilingual team has conducted original data collection and analysis in more than three dozen global markets for some of the world's leading publicly traded and privately held firms.

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[Ingo Payments](#) is the money mobility company. Our mission is to give people and businesses instant, digital and secure access to their money. We provide embedded API and iframe-supported payment solutions and deliver fully digital, cloud-based platforms that bridge the gap between legacy payments infrastructure and new payments technologies to deliver modern, bespoke payment experiences. Whether it's instant account funding, payments or payouts, businesses can count on Ingo to tailor our platform and services to meet their needs. Headquartered in Alpharetta, Georgia, Ingo employs more than 240 professionals and serves some of the largest brands in North America.

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