



# CASE STUDY

## ARIZONA PUBLIC SERVICE

APS Partners with TIO Networks to Provide Bill  
Payment Services at C-Stores.



# CASE STUDY

## ARIZONA PUBLIC SERVICE



Arizona Public Service (APS), Arizona's largest and longest-serving electric utility, serves more than 1 million customers in 11 of the state's 15 counties.

With headquarters in Phoenix, APS is the largest subsidiary of Pinnacle West Capital Corporation. Through its subsidiaries Pinnacle West generates, sells and delivers electricity and energy-related products and services in the Western United States.

A large percentage of utility customers in Arizona are un-banked (with no access to mainstream financial services) or under-banked (with existing banking relationship but a strong preference to engage in cash-based transactions).

Arizona is home to 5.1 million people, including 25.3% Hispanics, 3.1% African Americans and 1.9% Asians, who make up the largest percentage of the un-banked and under-banked (cash-preferred) demographics (Source: Differences In The Health Status Among Race/Ethnic Groups, Arizona, 2005).

### The Situation

APS has identified the need to reduce customer traffic in local APS offices, and direct cash-paying clientele to alternative payment locations. While APS has experienced serious challenges in maintaining its kiosk network, it has acknowledged the need for a new innovative bill payment solution to serve approximately 20% of its customers, who pay their bills with cash.

APS learned about TIO's bill pay services through referral by an employee, a TIO customer, who regularly pays her wireless bill at Circle K stores in Phoenix. In addition to the customer's positive experience, APS has recognized TIO's proven track record to develop and deploy bill payment solutions for leading wireless, utility and cable providers in the Arizona market.

TIO has also distinguished itself by its nationwide presence and expansion of its bill payment and financial services network in tier-one c-stores, such as Circle K, ExxonMobil, Sunoco, Maverik, ZipTrip, Kum & Go.

### BUSINESS NEEDS

- » Replacement of the existing kiosk program with an alternative bill payment solution
- » A new innovative bill payment program for 20% of APS customers that pay their bills with cash
- » Increase in the number of self-serve automated payment and processing locations
- » Reduction of customer traffic in local APS offices
- » APS did not want to own the solution

### CONSUMER NEEDS

- » A more convenient bill payment option
- » Real time payment processing and confirmation
- » Avoiding long lineups and waiting time in APS local offices
- » Convenient 24x7 access to bill pay services in English and Spanish

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## ARIZONA PUBLIC SERVICE (APS)



### The Strategy

In November 2005, APS entered into a strategic partnership with TIO Networks to launch a pilot project with the deployment of APS bill pay service in 150 Circle K stores in the Phoenix area.

Thanks to this initiative, cash preferred APS clientele have enjoyed the benefits of viewing their personal account balance and making secure and convenient payments on their account, 24-hours-a-day, by inserting cash directly into a kiosk's cash acceptor.

Transactions are securely completed in English or Spanish, and all payments will be immediately posted to the customer's account. Customers pay a \$2 convenience fee per transaction. Since its inception, APS has executed numerous marketing campaigns in partnership with TIO and c-store partners to promote their bill payment program using website postings, call center referrals, posters and handouts at local APS offices, etc.

### The Solution

TIO's state-of-the-art solution has exceeded APS' expectations, as APS customers now enjoy instant and convenient access to bill pay services in over 250 c-store locations, including Circle K and ExxonMobil, throughout Phoenix.

To date, an average of 12,000 APS customers per month make cash payments through kiosks at c-stores. This result exceeds the original goal of redirecting 7,500 customers per month from APS offices to convenience store kiosks.

Meanwhile utility customers express their satisfaction with the program's expansion and convenient bill payment opportunities.

TIO's bill payment solution has produced tangible results in:

- Eliminating the need for kiosks in APS offices
- The removal of APS owned / maintained kiosks
- Drastic savings in administrative costs.

### MARKET SIZE

- » 28 million people in the US are un-banked, representing 15 million households or 10% of the population
- » 45 million are 'under-banked', representing 24 million households or 15% of the population
- » Together, 73 million people representing nearly 45 million households and 25% of the US population are financially underserved \*

### MARKET CHARACTERISTICS

- » Non-white families are four times more likely to be under-banked than white families
- » 46% percent of African Americans and 34 percent of Hispanic Americans are unbanked
- » The Under-banked tend to be younger, have lower incomes and have less education than the general population \*\*

\* The Wall Street Journal, July 7, 2006)

\*\* Journal of Consumer Affairs, Summer 2006)

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