

### 1. The Battle to Be Your Online Bill Collector

-----Bankers hope cyberbilling can give them a toehold on the Net

Every year, American business sends out 29 billion bills. And by any measure, the exercise isn't much fun. For companies, printing, processing and posting a typical consumer bill runs about 90. And for recipients, there's not only a demand for payment, there's a wad of solicitations that nearly everyone throws away. But for banks trying to make it on the Internet, bills are cool. Bankers see bills as surefire eyeball-grabbers in an environment where it's tough to command consumer attention--and a key to protecting their existing business managing cash for big companies. Increasingly, banks are battling high-tech competitors for control of Internet billing, or electronic-bill presentment, as it is called.

To be sure, this is a fight over a business that is in its infancy. Few bills are now sent via the Net, and online payment systems often involve a paper check.

But the technology exists to send bills from business to customers and route payments back on the Net. By the end of next year, industry analysts estimate upwards of 4.5 million households will be receiving bills online. What's more, sending and handling bills over the Net should be about 40% cheaper than paper delivery, says the Gartner Group, a research firm in Stamford, Conn.

The question is who will become the bill collector on the Net. Bankers reckon that if they can turn their Web sites into mailboxes for electronic bills, they can become key entry points on the Net--portals, even. That would enable them to sell other financial services online. The fear is that existing portals, such as Yahoo! or even American Online, will become centers of bill payment and, in turn, siphon off existing bank business. "Banks have been slow to get into this," says Kenneth J. Kerr, a Garter analyst in Durham, N.C. "But they realize there is a threat here and they need to get aboard".

Banks have their advantages. They can offer customers simultaneous access to their bills and their money. Banks have long relationships with the billers, such as utilities and retailers, and centuries of experience in protecting people's money.

Big banks also are worried that technology companies offering bill presentment could muscle into one of their fastest-growing business-managing cash for big companies. After all, distributing and collecting bills is a close cousin to cash management.

At this point, predicting how the industry will shake out is premature. Banks and technology companies already have formed several alliances aimed at delivering bills on the net. More