

# The Evolution of Payments: Traditional Bill Methods Compared to Mobile Innovations

N.B. Mahesh Kumar\*

## Abstract

*"Mobile Payment Experiences in the Future" explores the transformative impact of emerging technologies: Artificial Intelligence (AI), 5G connectivity, and biometrics, on the evolution of mobile payment systems, moving beyond today's simple "tap and pay" solutions. As mobile payments become an essential component of global commerce, these innovations are set to redefine the payment landscape by enhancing transaction speed, security, and personalization. AI will enable real-time fraud detection, adaptive user verification, and customized financial insights, facilitating a seamless and intelligent payment experience. Meanwhile, 5G's ultra-low latency and high bandwidth will support faster, real-time transactions, paving the way for innovations such as augmented reality (AR) shopping and voice-activated payments. Biometrics, including facial recognition, fingerprint scanning, and behavioral analytics, will introduce advanced layers of security, ensuring safer and more frictionless transactions. This study examines both the technical and social implications of these advancements, envisioning a future where mobile payments are faster, more secure, and deeply integrated into users' lifestyles. Through case studies and expert insights, we highlight the potential of AI, 5G, and biometrics to revolutionize mobile payments and drive the global transition to a cashless society.*

**Keywords:** Mobile payment, artificial intelligence (AI), 5G connectivity, augmented reality (AR), security, cash payments

## INTRODUCTION

The mobile payment industry is evolving rapidly beyond basic tap-and-pay transactions. Emerging technologies like artificial intelligence (AI), 5G, and biometrics are driving transformative shifts in how consumers make payments, promising more personalized, faster, and more secure experiences. AI, for instance, enhances payment systems by improving fraud detection, analyzing spending habits for tailored experiences, and enabling voice-activated transactions. Meanwhile, 5G's ultra-fast connectivity and low latency support real-time payments and enable complex, multi-step interactions on mobile devices, such as AR (Augmented Reality) shopping.

Biometrics, from fingerprint scanning to facial recognition and even behavioral analysis, is redefining

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authentication, ensuring higher security levels and improving customer trust in mobile payments. These technologies are not only advancing current mobile payment applications but are also shaping entirely new ways to interact with financial systems. By enhancing speed, convenience, and security, AI, 5G, and biometrics are poised to transform the future of mobile payments far beyond what is possible today, creating seamless, intelligent payment experiences for consumers worldwide.

Traditional bill payment methods have been foundational to how people settle financial

obligations, often requiring manual processes and face-to-face interactions. Common traditional methods include cash payments, checks, and money orders. Cash transactions remain straightforward but require physical handling and in-person payment. Checks, once a widely used payment form, involve filling out and mailing or hand-delivering a paper check to the billing party, a process that, while secure, is often time-consuming.

Money orders and bank drafts provide additional security, as funds are prepaid, but they still necessitate a visit to a bank, post office, or service provider. Some people also use phone-based payments, allowing them to make payments by providing bank or card details over the phone to an agent. While these methods ensure a certain level of control and security, they tend to be slower, require more effort, and may incur higher fees compared to today's digital payment solutions. Traditional bill payments are methods used to settle utility, rent, mortgage, credit card, and other recurring bills.

## **TRADITIONAL METHODS FOR PAYING BILLS**

Here is a breakdown of the common traditional methods for paying bills, which are still widely used alongside digital options:

### **Cash Payments at Service Locations**

#### ***In-Person Payments***

Customers physically visit designated service locations such as utility offices, banks, or authorized payment centers to make payments.

#### *Advantages*

- *Immediate Confirmation:* Payment is processed immediately, providing instant proof of payment.
- *No Bank Account Needed:* Customers without bank accounts can still make payments.
- *No Extra Fees:* Often, there are no additional fees for cash transactions.

#### *Challenges*

- *Travel Required:* Customers need to visit specific locations, which could be inconvenient.
- *Limited Hours:* Payments can only be made during business hours, limiting flexibility.
- *Waiting Time:* Customers might have to wait in lines, especially during peak hours.

### **Check Payments via Mail**

#### ***Mailed Payments***

Customers send paper checks through the postal system to the billing address provided by the service provider.

#### *Advantages*

- *Paper Trail:* Provides a record of the transaction, which can be useful for proof or tracking.
- *Suitable for Non-Digital Users:* Ideal for people who prefer physical forms of payment rather than digital methods.

#### *Challenges*

- *Mail Delays:* Payments can be delayed by postal service timelines, especially around holidays.
- *Risk of Loss:* There is a chance the check could be lost or delayed in transit.
- *Accuracy:* The check must be written properly (with the correct details and sufficient funds), otherwise, it may be rejected.

### **Automatic Bank Drafts or Direct Debits**

#### ***Automatic Withdrawals***

Customers give service providers permission to withdraw payments automatically from their bank account on a set schedule (e.g., monthly).

### *Advantages*

- *Convenience:* Automatic withdrawals ensure bills are paid on time without requiring active involvement from the customer.
- *Timeliness:* Payments are made on the scheduled date, reducing the risk of late fees.
- *Discounts:* Some service providers offer discounts or incentives for customers who opt for automatic payments.

### *Challenges*

- *Requires Trust:* Customers must trust that the service provider will only withdraw the correct amount.
- *Risk of Insufficient Funds:* If a customer does not have enough funds in their account, it can result in overdraft fees or the payment being rejected.

## **Phone Payments with Customer Service Representatives**

### ***Over-the-Phone Payments***

Customers call a service provider's customer service line to provide their debit/credit card details or bank account information to make a payment.

### *Advantages*

- *Direct Confirmation:* Payments are processed immediately, and customers receive confirmation from the representative.
- *Assistance Available:* Customer service representatives can help resolve issues during the payment process.

### *Challenges*

- *Availability of Representatives:* Customers must wait for an available agent, which can be time-consuming.
- *Service Fees:* Some providers charge additional fees for phone-based payments.
- *Security Concerns:* Sharing sensitive information over the phone may raise privacy or fraud concerns.

## **Bank Branch Payments**

### ***Branch Payments***

Customers go to their bank branch to pay bills, particularly if the bank has a partnership with the service provider to accept payments.

### *Advantages*

- *Secure Environment:* Payments are made in a trusted, secure setting (the bank).
- *In-Person Assistance:* Customers can get help with issues directly from bank staff.

### *Challenges*

- *Limited Hours:* Bank hours may not be convenient, especially for customers who work full-time.
- *Travel Required:* Customers must physically visit the bank, which can be inconvenient for those without easy access to one.
- *Not Universally Accepted:* Not all banks accept payments for all types of service providers.

## **Money Orders or Cashier's Checks**

### ***Money Orders and Cashier's Checks***

These are used for payments that require guaranteed funds, or when personal checks are not accepted. Money orders can be purchased at post offices, banks, or retail stores, while cashier's checks are issued by banks.

### *Advantages*

- *Guaranteed Funds:* Both money orders and cashier's checks are prepaid, ensuring that the payment will not bounce.
- *No Bank Account Needed:* Useful for customers without bank accounts.

### *Challenges*

- *Fees:* Money orders and cashier's checks typically involve extra costs.
- *Physical Delivery:* These payments must be physically delivered, either by mail or in person, which can be inconvenient and time-consuming.

## **ATM Bill Payment Services**

### ***ATM Payments***

Some ATMs allow customers to pay utility bills or credit card payments directly by transferring funds from their accounts.

### *Advantages*

- *Accessible Outside Business Hours:* ATMs are available 24/7, allowing customers to pay bills at their convenience.
- *Cash Payment Option:* Customers who prefer using cash can make payments directly via ATM.

### *Challenges*

- *Limited Bill Types:* Not all types of bills can be paid through ATM services.
- *Limited ATM Availability:* Not all ATMs offer bill payment services, limiting options for customers.
- *Transaction Fees:* Some ATMs charge a fee for using this service, especially if the ATM is not owned by the customer's bank.

## **Banker's Drafts and Standing Orders**

### ***Standing Orders***

Customers set up regular, automatic payments through their bank to transfer a fixed amount on specified dates, commonly used for rent or mortgage payments.

### *Advantages*

- *Automatic Payments:* Customers do not have to initiate each payment manually, reducing the chance of forgetting or missing a due date.
- *Predictable Amounts:* The fixed payment amount makes budgeting easier for both parties.

### *Challenges*

- *Fixed Payment Amounts:* Standing orders may not accommodate variable bills (e.g., utilities), requiring manual adjustments.
- *Limited Flexibility:* Customers may not have flexibility in choosing the payment dates, depending on their bank's system.

## **Traditional Bill Payment Methods: Pros and Cons**

### ***Pros***

- *Control:* Many people feel more in control of their finances when making in-person payments or using methods that do not require digital interaction.
  - *No Need for Digital Tools:* Ideal for customers who prefer non-digital or non-bank options, such as cash or checks.
  - *Immediate Confirmation:* Some traditional methods like in-person or over-the-phone payments provide immediate proof of payment.
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### Cons

- *Slower Processing:* Traditional methods like mailing checks can delay payment processing.
- *Higher Fees:* Methods such as money orders, phone payments, and some ATM services can involve extra charges.
- *Limited Hours and Locations:* Many traditional payment methods are limited by the service provider's hours or geographical availability.
- *Inconvenience:* Physical visits to banks or service locations can be time-consuming, especially when compared to the flexibility of online payment methods.

### Main Contributions

This research explores the transformative impact of emerging technologies, including Artificial Intelligence (AI), 5G connectivity, and biometrics, on the future of mobile payments, going beyond traditional "tap-and-pay" methods to create more personalized, secure, and efficient payment experiences. The study examines the technical and social implications of these advancements, forecasting a future where payments are faster, more secure, and deeply integrated into users' lifestyles. By incorporating case studies and expert insights, the research highlights how AI, 5G, and biometrics will drive the global shift toward a cashless society, providing a deeper understanding of their role in revolutionizing mobile payments and shaping the financial ecosystem.

### FUTURE MOBILE PAYMENT TECHNOLOGIES

Future mobile payment technologies are expected to evolve rapidly, driven by advancements in connectivity, security, and convenience. Here are some anticipated trends and innovations:

#### Biometric Payments

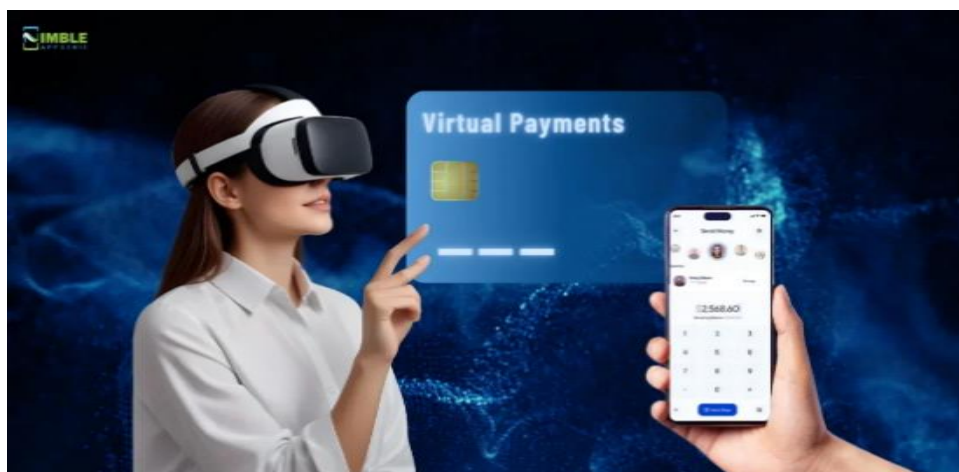
- *Advanced Biometrics:* Moving beyond fingerprint and facial recognition, technologies like voice authentication, vein mapping, and even brainwave authentication could offer enhanced security and a more personalized payment experience [1].
- *Behavioral Biometrics:* Analyzing user behavior, such as typing speed and swipe patterns, to verify identity and prevent fraud, adding a layer of security without disrupting the user experience (Figure 1).

#### Augmented Reality (AR) and Virtual Reality (VR) Payments

- *In-AR/VR Transactions:* AR/VR platforms are expected to allow in-experience payments for services, virtual items, or e-commerce purchases, creating seamless payment flows in virtual environments.
- *Virtual Stores:* As VR and AR expand, users could shop in virtual stores and make payments directly within these immersive settings, combining convenience with a highly interactive experience (Figure 2).



**Figure 1.** Biometric payment card technology [2].



**Figure 2.** Augmented reality (AR) and virtual reality (VR) payments [3].



**Figure 3.** Central bank digital currency: understanding the future of money [4].

### Cryptocurrency and Central Bank Digital Currencies (CBDCs)

- *Crypto and Stablecoin Payments:* With increased mainstream adoption, cryptocurrencies and stablecoins (cryptos pegged to stable assets) are expected to become common payment options.
- *CBDCs:* Many central banks are developing digital versions of national currencies, allowing for secure, low-cost digital transactions without the need for intermediaries, particularly beneficial for cross-border transactions (Figure 3).

### 5G-Enhanced Payment Experiences

- *Instant Payments and Microtransactions:* With 5G's ultra-low latency, instant and high-frequency transactions will be possible, supporting seamless in-app payments, microtransactions, and payments within IoT systems [5, 6].
- *Enhanced Mobile POS (Point-of-Sale):* 5G could enhance mobile POS systems, allowing real-time data and personalized payment solutions for retailers, like dynamic pricing and in-depth analytics (Figure 4) [7].

### Wearable Payments

- *Smart Textiles:* Wearable technology is moving beyond smartwatches and into clothing and accessories, enabling payments through items like smart rings, bracelets, or even clothing with embedded NFC chips.
- *Health-Integrated Payments:* As health and wellness devices become smarter, there is potential for wearable devices that monitor health data and provide frictionless payment experiences, especially for healthcare services (Figure 5).



**Figure 4.** 5G: The future of payments [8].



**Figure 5.** The rise of wearable payments [9].

#### **AI-Driven Personalization and Smart Payments**

- *Context-Aware Payments:* AI can enable “smart” payments where the system recognizes the user's needs and prompts or completes transactions automatically, such as auto-renewals or on-the-go ordering [10, 11].
- *Fraud Prevention and Enhanced Security:* AI will play an increased role in detecting anomalies and preventing fraud by analyzing transaction patterns and user behavior in real-time (Figure 6) [12–14].

#### **Voice-Activated Payments**

- *Voice Recognition:* With advances in natural language processing, voice-activated payments may become more common, especially in hands-free scenarios or with smart home devices.
- *Multi-Factor Voice Authentication:* Voice payments will combine with other biometric measures to create multi-layer security for added safety (Figure 7).

#### **Invisible Payments and Embedded Payments:**

- *Invisible Payments:* Following the model of services like Uber or Amazon Go, future transactions may become “invisible”, happening automatically in the background as users exit a store or complete an activity, without manual intervention.
- *Embedded Payments in IoT Devices:* IoT devices, such as smart appliances or connected cars, could initiate payments autonomously, for instance, a smart refrigerator ordering groceries or an electric vehicle paying for a charge (Figure 8).



**Figure 6.** AI-powered payments: The future of finance [15].



**Figure 7.** Voice assistants: making fintech more accessible and user-friendly [16].



**Figure 8.** The convenience of QR code payments [17].

### Quantum Security for Payments

- *Post-Quantum Cryptography:* As quantum computing grows, mobile payment systems may adopt quantum-resistant cryptography to protect against future cyber threats.
- *Quantum Key Distribution (QKD):* Quantum technology could allow for ultra-secure data transmission, creating practically unbreakable encryption for high-value or sensitive transactions (Figure 9).



**Figure 9.** Contactless payments: making payments fast and secure [18].



**Figure 10.** DeFi: reimagining financial services on the blockchain [19].

### **Digital Identity and Decentralized Finance (DeFi)**

- *Decentralized Digital IDs:* Blockchain-based digital identity could streamline KYC (Know Your Customer) processes, allowing users to verify their identity for mobile payments across platforms securely.
- *DeFi Integration:* Decentralized financial services may allow peer-to-peer lending, payments, and more, directly from mobile wallets without intermediaries, giving users more control and flexibility over their finances (Figure 10).

These future trends aim to enhance security, convenience, and accessibility, making mobile payments smoother and more adaptive to user needs and global economic trends.

### **A COMPARATIVE STUDY OF TRADITIONAL AND MOBILE BILL PAYMENT METHODS**

Mobile payments offer greater convenience, speed, and security compared to traditional methods, which are slower but can be preferred for those without internet access or who favor in-person transactions as shown in Table 1.

**Table 1.** Traditional bill payments vs. mobile payments: a comparison.

Aspect	Traditional Bill Payments	Mobile Payments
Method of Payment [20]	Cash, check, money order, automatic bank drafts, phone payments, ATM, or branch payments.	Payments via mobile apps, digital wallets, or online banking apps.
Speed [21]	Generally slower due to mailing or processing delays (e.g., check mail delivery or in-person queues).	Fast, typically instant or near-instant processing.
Convenience [21]	Requires in-person visits, mailing, or calling, which can be less convenient.	Very convenient; payments can be made anytime, anywhere with a smartphone.
Examples	<ul style="list-style-type: none"> <li>• Cash payment at a utility office</li> <li>• Mailed check for rent</li> <li>• Money order for insurance</li> <li>• Automatic debit for mortgage</li> </ul>	<ul style="list-style-type: none"> <li>• Paying via a mobile banking app</li> <li>• Using a digital wallet like PayPal, Apple Pay, or Google Pay for subscriptions</li> <li>• Utility payments via provider’s app</li> </ul>
Security [22]	Moderate security; cash can be lost, and checks can be intercepted or altered.	High security with encryption, biometrics, and multi-factor authentication.
Costs and Fees [2]	May include postage, fees for money orders, or phone payment fees.	Often lower or no fees; however, some mobile payment services may have transaction fees.
Payment Confirmation [7]	Confirmation may take days (e.g., with mailed checks), or immediate with cash and phone payments.	Instant digital receipts and real-time transaction history.
Flexibility [4]	Fixed schedules for automatic drafts or mailed checks; requires physical access to cash or checks.	Highly flexible; can schedule, manage, and modify payments directly through apps.
Transaction Records [2]	Paper-based (receipts or cancelled checks), requiring physical record-keeping.	Digital records are stored in the app or wallet, with easy access to transaction history.
Environmental Impact [3]	Paper-intensive with receipts, checks, and envelopes, contributing to waste.	Environmentally friendly with paperless transactions and digital receipts.
Examples of Use Cases	<ul style="list-style-type: none"> <li>• Paying utility bills at the company’s office</li> <li>• Sending rent checks via mail</li> <li>• Calling to pay a credit card bill with a debit card over the phone.</li> </ul>	<ul style="list-style-type: none"> <li>• Paying for a subscription via a mobile app</li> <li>• Settling a utility bill in a mobile banking app</li> <li>• Peer-to-peer transfers using a digital wallet like Venmo or Cash App.</li> </ul>

**CONCLUSION**

As we move beyond tap-and-pay into a more advanced mobile payment landscape, the combined power of AI, 5G, and biometrics is set to redefine our interactions with financial systems. These technologies not only enhance the speed, convenience, and security of mobile payments but also create more intelligent, adaptive experiences tailored to individual users. AI’s role in real-time fraud prevention and spending insights, 5G’s enablement of instant and seamless connectivity, and biometrics’ provision of secure, frictionless authentication are shaping a future where mobile payments will be as intuitive as they are secure. This synergy marks a significant leap forward, allowing mobile payments to meet the demands of modern consumers and paving the way for a future where the act of paying is nearly invisible, embedded naturally within our daily digital lives. As these innovations mature, mobile payments will not just complement traditional payment systems, they will redefine them, creating a new standard for convenience and trust in the digital economy.

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