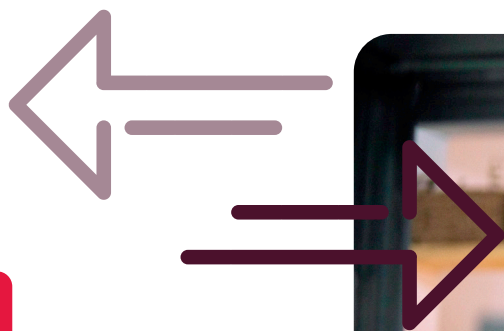


9 steps to **smoother** Direct Debits



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Step 1: Go paperless and automated

Managing our finances online, and increasingly via our mobile phones, is now a way of life. Most of your customers will expect to pay you this way, rather than send a cheque to pay for an invoice for example.

Direct Debit is the most convenient payment method for recurring fees and subscriptions, and with the introduction in the 1990s of paperless Direct Debit Instructions (DDIs) and the Automated Direct Debit Instruction Service, known as AUDDIS, Direct Debit became more aligned with modern financial practices and technology. However, there are still some service users of the Direct Debit scheme who are non-AUDDIS and continue to rely on paper DDIs, posting these to the payer's bank, or Payment Service Provider (PSP) in Bacs terminology, for lodgement. For many organisations it makes sense to offer paperless DDIs. Being able to complete DDIs over the phone or online, as well as face-to-face, means you can set up a Direct Debit faster and with much less hassle for you and the payer. Not only is it what today's customers expect, but it also saves on admin time, especially when you use online sign-up pages.

At AccessPaySuite we have got very clear and simple sign-up pages that let customers know straight away if they've entered incorrect bank account details. So you're getting rid of potential errors from the start, and the data can be submitted directly into your systems rather than be re-keyed. All you need to do to use the paperless service is to ensure you are registered for paperless Direct Debits and AUDDIS.

All Access PaySuite facilities managed customers are automatically set up as paperless, and if an organisation is new to collecting payments by Direct Debit then registration to AUDDIS is also automatic. However, if you are not registered, we can help you to complete the paperwork required and ensure you are migrated with the minimum of fuss and disruption to your payers and Direct Debit collections.



Step 2: Email is your ally

Email is a massive asset for managing Direct Debit processing effectively. By obtaining your payers' email addresses, you can electronically send a whole host of the vital communications which must be sent to comply with the Bacs scheme guidelines: confirmation of the original Direct Debit Instruction (DDI), then amendments, cancellations and reinstatements.

There are two major advantages to this: firstly, you save money. The alternative is to print and post all of these communications, and that quickly adds up. If you're using paperless DDIs, your customer may well expect to receive their confirmation electronically. It would certainly jar with your customers' sign-up experience if you relied on paper confirmations. Secondly, you meet compliance requirements.

The Direct Debit Guarantee for your customers reassures them that they know in advance when and how much money is coming out of their account. For the collecting organisation, this means that you need to send an initial communication a set number of days in advance of the first collection and then any time you need to make a change to the amount, date or frequency.

Sending these notifications by email means that you can do so automatically and you have a full audit trail of what you've sent, and when. At Access PaySuite, we remove any risk by automatically taking care of all the mandatory Bacs correspondence on our customers' behalf. We do this by ensuring only Bacs approved communications are issued to their payers, and that these are sent within the correct timescales.

We also make sure these appear to come straight from the collecting organisation, not Access PaySuite. So, if you don't already have email addresses for your Direct Debit payers, it's worth asking for them.



Step 3: Right first time

The most common cause of errors in Direct Debit collections is the initial sign-up process. It's vitally important that when your payer completes the Direct Debit Instruction (DDI), giving you the authorisation to collect a Direct Debit payment from them, it is completed correctly and in full.

The organisation responsible for Direct Debit collections is Bacs, and it relies on precision and accuracy. It has to, considering it is processing billions of transactions each year. If anything is incorrect, the payment will be rejected. So, if a customer has inadvertently added an extra digit to their bank account, it won't go through. If your processing team accidentally get day and month the wrong way round, the payment may fail or could be collected on the wrong date. If there is an error in your new payer information, you will get a message – known as an AUDDIS report – with an error code explaining why it was rejected. But you still have to work out the specific error, perhaps check with your customer, and then either resubmit, or wait till the next payment is due. It's extra work for you, a potential loss of income, and it's frustrating for your payer.

It's far more efficient to check all the details when you first set up the payment, prior to submission to Bacs. At Access PaySuite, our systems prevent incorrect bank account details from being input by validating them in real-time and at point of sale. By doing this, we reduce the number of rejected payments and save you the time needed to investigate returned payments. Above all else, it helps ensure that the all-important first payment goes through as it should, which is good for your cashflow.



Step 4: Current accounts only

We've hinted that Bacs is very specific. One thing it's specific about is that Direct Debits can only be taken from current accounts. Quite often, we receive Direct Debit Instructions and the details are for a savings or mortgage account or, particularly around April each year, an ISA.

You can't necessarily spot those details as wrong, since they have the right number of digits. But when you try and collect, the payment won't go through. The key here is to ensure your customers give you the right information when they're signing up. Most people don't realise it's an issue - some give the wrong details by mistake. Therefore, a simple check with your customer at set-up, asking if they have existing Direct Debits on the account can help to prevent this.

To avoid this issue prior to files being submitted to Bacs for processing, Access PaySuite customers have the benefit of an integrated modulus checking service which highlights any errors in the sort code and account number information.



Step 5: Make your SUN and account settings work best for you

When you set up your Service User Number (SUN), or account with a Direct Debit bureau, there are two things you can consider tailoring to your organisational needs to improve your administration and optimise your cashflow.

One of these is the number of days you provide to your payers for their advance notice period. Your payers have a right under the Direct Debit Guarantee to be notified of any changes to their Direct Debit collection date, amount or frequency within a set number of days in advance of their scheduled collection. In Bacs terminology, this is called the advance notice period and if a service user fails to adhere to the advance notice period, the payer has a right to request a refund.

The default advance notice period is 10 working days. However, as a service user, you can reduce this advance notice period to as little as 3 working days, as long as you inform the payer of this in writing, electronic form, or verbally, and it also appears on the Direct Debit Guarantee. If you are an organisation which collects different amounts every month, having a shorter advance notice period means you can be more accurate and real-time with your billing and therefore you can improve your cashflow. The second change you can make, and which is especially important if you are collecting payments annually, is to increase the dormancy period for your Direct Debit Instructions (DDIs).

The default dormancy period, or the amount of time after which a bank or PSP will remove the DDI from a payer's account if no collection has been made, is 13 months. If you are collecting annually this can potentially cause an issue and rework due to having to ask the payer to complete the DDI again or request an extension to the sponsor bank. An easy fix for this is to extend the dormancy period on set-up to 24 months.



Step 6: Check for changes

At the start of the year, lots of clubs take annual subscriptions by Direct Debit – and invariably a fair proportion are rejected. The reason is often simply that members have moved their bank account, and have not got round to letting the club know.

The Bacs current account switching service makes it easier for consumers to switch their bank account, and part of the service is that Direct Debits are automatically transferred to the new account. However, not all Payment Service Providers (PSPs) take part and not all consumers choose to use the service. Customers tend to remember to move the 'big' payments: the mortgage, electricity etc., but the smaller payments that are collected annually might well get missed.

Unfortunately, there's no shortcut here. If it's important for cashflow reasons that you get all your subscriptions in on time, ask your Direct Debit service provider for a list of all the members who pay this way. You can then contact them, ideally by a general email, asking them to let you know if anything has changed.



Step 7: Act fast on 'unpaid'

Even with the best systems and processes, any organisation that takes a large number of Direct Debit payments will have to deal with ARUDD reports.

ARUDD (Automated Return of Unpaid Direct Debit) reports are messages from Bacs to let you know the collection was not successful, and, in the majority of cases, this is because there wasn't enough money in the customer's account. Often, the reason is fairly straightforward - they were paid late, or a cheque didn't clear in time. The next day, the funds are in their account as normal.

In these circumstances, there's a set timeframe in which you can re-present the collection request, and this is 30 days from the original collection date. The alternative is that you either collect double next time, or you arrange a separate collection, with all the admin effort involved. It can be very beneficial to act on 'unpaid' and proactively contact your customers to find out why.

For example, your customer may prefer for the Direct Debit to be collected on a different day of the month rather than your default, and if you collect more than once a month, you may be able to accommodate this and have a happy customer as a result. If you are a charity, a proactive contact could ensure a continued donation, albeit for a lower amount or decreased frequency, rather than a cancellation if the donor can no longer commit to the original agreement.

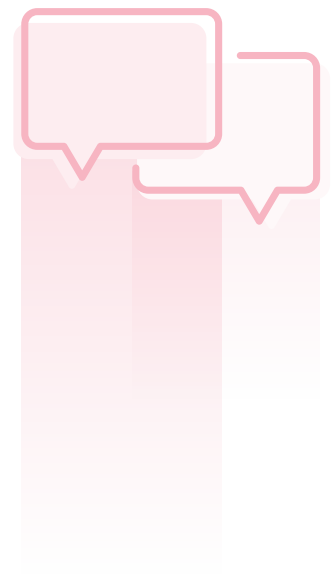


Step 8: Flexibility wins you friends

People often think that once you've set up a Direct Debit, changing the amount you take is a massive effort. But it's actually really easy, and it means you can be flexible for your customers.

For example, if your customers use extra services one month – like personal training sessions at a gym – these can be included in their regular Direct Debit payment. If they're going on holiday so don't want a food delivery, you can suspend the payment that month. If you do this, you must make sure you inform your payer in advance that the payment will change, giving them sufficient notice. When Access PaySuite customers change the amount they want to collect via our secure online portal, they are asked to confirm whether this is a one-off or an ongoing change, and this prompts the sending of the email to the customer at the right time.

Direct Debit service providers can offer flexibility to collecting organisations by offering an API (Application Programming Interface), and online sign-up pages. Access PaySuite customers can sign up payers online using either a direct web link, branded sign-up form which can sit within an iFrame on their own website, or by using a hosted sign-up page for a seamless user experience. This provides our customers with a single point of truth for their payer data, easier account reconciliation, and more intelligent reporting



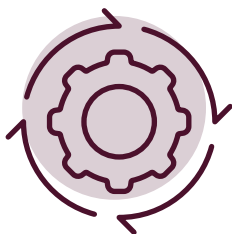
Step 9: Consolidate your Bacs submissions

If you have your own Service User Number, it is worth remembering that your Payment Service Provider (PSP) will charge you for every Bacs file submission you make. So, the easiest way to reduce your Direct Debit handling costs is to reduce the number of file submissions.

Fewer monthly submissions also typically means less effort for your team. The flipside is customer choice. A lot of organisations prefer to offer their customers more than one date in the month to take the Direct Debit; larger businesses may want to offer weekly dates.

Typically, if an organisation is collecting payments on one day in the month, there would be two file submissions – one for new payer set-ups and amendments, and one for payment collections. A compromise may be to restrict the number of new payers or amendment files to one per month, and then have multiple collection files. Your submission schedule ultimately should focus on what's best for your business – and if you do want to consolidate the number of submissions you make a month, we can help you do that.

As well as helping prepare the consolidated submissions, we'll also advise all the affected payers that you plan to change their collection dates. It may sound complex and labour-intensive to change, but with our help, it's straightforward and ultimately will save you time and effort each month



Want to make your Direct Debit collection smoother?

If you're interested in taking any of these steps to improve your Direct Debit collection, contact Access PaySuite today.

We are one of the UK's largest and most trusted Direct Debit bureaux, specialising in timely and straightforward payment processing. Our advanced systems and user-friendly online administration portals make it easy to streamline processes, and to retrieve and update customer information.

To discuss moving your Direct Debit collection to Access PaySuite, call our sales team on 01206 675847.



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