



Direct Debit collections by  
**eazipay**<sup>®</sup>

# Direct Debit - the myths and the truth

## Introduction

Eazipay is one of the UK's leading Direct Debit processing companies. We currently provide regular Direct Debit services to over 1,200 SMEs and corporate organisations in a wide range of market sectors throughout the UK, Europe and beyond.

With more than 20 years' experience we are perfectly placed to help businesses improve cash-flow and save time and money by establishing regular payment collection by Direct Debit.

In April 2014 we became the first Direct Debit Facilities Management bureau in the country to receive direct authorisation from City watchdog, the Financial Conduct Authority (FCA). Obtaining this level of approval validates all of our efforts to improve the quality, delivery, and reliability of our services and is a clear sign that we are committed to customer satisfaction and providing the highest levels of services and support to all our clients.

### Some facts about Direct Debit:

- In 2012, Direct Debit payments overtook cash payments for the first time.
- 2013 was a record year for Direct Debit. More than 3.5 billion transactions were made with a total value of £1.1 trillion.
- Today, eight out of 10 of the UK population have at least one Direct Debit and 63% of people prefer to pay most of their bills by Direct Debit.

By any measure, these are impressive statistics, and yet despite the popularity of Direct Debit it is still surrounded by myth and misconception.

In this paper we've taken five popular myths about Direct Debit and debunked every one.



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# Direct Debit the myths

## The myth #1

Direct Debit is only suitable for large companies.

## The truth

It's not hard to see why this myth exists.

For many of us, our first use of Direct Debit was when we set up an automated payment for utility or telephone bills to a large multi-national organisation, which inevitably leads us to think that Direct Debit is the preserve of large companies.

The truth is somewhat different, however. For any business the significance of managing cash flow is of paramount importance and companies which collect regular payments by Direct Debit can manage their cash flow much more easily than companies that collect payments by other means.

It doesn't matter if you collect dozens of payments each month or just one payment a year, Direct Debit means that business owners know exactly what money is coming in and when.

Eazipay provides Direct Debit services to over 1,200 companies. These companies cover a wide range of market sectors throughout the UK, Europe and beyond and the majority are SMEs.

## The myth #2

Direct Debit is of no benefit to my business.

## The truth

Poor cash flow is one of the main reasons SMEs go bust. The biggest and healthiest looking order book in the world is no use if no money is coming in.

Late and missed payments continue to be major issues for businesses. A recent survey showed that well over half (60%) of businesses that experienced cash flow difficulties blamed late payments.





Getting the money in the traditional way, however, can be easier said than done. Cheques are forever 'in the post', the accounts clerk is perpetually 'on holiday', and the person who needs to sign off the invoice is always 'out of the office.'

With Direct Debit, those problems disappear instantly. With Direct Debit businesses know exactly when the money is coming in and how much they're going to receive. It's incredibly easy to set-up and cost effective to operate. And if for any reason a customer does miss a payment, your Direct Debit processing company will flag it up straight away, so it can be sorted out quickly.

Once businesses sign up to Direct Debit as a payment collection method, they tend to see an improvement in customer retention rates. Most people simply prefer to keep paying automatically rather than looking for a new supplier.

### The myth #3

Direct Debit is expensive to set up and manage.

### The truth

There is a perception that using any third party to collect money must be costly. Look at the figures, however, and it compares favourably with the cost of processing cheques or credit card fees.

Additionally, Direct Debit enables businesses to save many hours of laborious credit control. With Direct Debit there's no need for your accounts team to chase invoices so companies can put their employees' time to much better use, or possibly even reduce staff costs.

Eazipay sets the gold standard in Direct Debit management. Our levels of customer service are second to none, our set-up process is very simple and with Direct Debit collections starting at just 40p per transaction; it's incredibly cost-effective to operate.



## The myth #4

A Direct Debit system is difficult to set up.

## The truth

Setting up a Direct Debit payment system takes about two weeks in total – dependent on bank approvals and credit checks etc. At Eazipay we pride ourselves on making the process incredibly simple and adding new clients can be done in minutes.

All you need to do is provide the necessary information about your new payer. The bank is then given five working days' notice that there is to be a new Direct Debit; on day five the payer's account is then debited and the funds credited directly to a unique client holding account, which will be personalised in your company name.

Cleared funds are then transferred to your account on day seven.

It's that easy and once your clients are set up the payments go through automatically at the frequency you specify – monthly, or as infrequently as once a year.

Eazipay offers total support every step of the process and once the system is up and running our expert staff are always just a phone call away should help be needed.

## The myth #5

Setting up a Direct Debit with a customer is time consuming.

## The truth

It always used to be the case that new Direct Debit customers had to sign a paper instruction. This involved either a face-to-face meeting or communicating by post. In any event, it could become a time consuming and sometimes lengthy process.

Times, however, have moved on.

Today, paperless Direct Debits are much more common. Customers can sign up over the phone or online and both ways are much quicker and less labour intensive.

These new methods also improve accuracy and, because they are so easy, increase sign-up rates.

Eazipay can guide you through the Paperless Direct Debit sign up scheme, which saves time and reduces the risk of entering invalid information for new payers.



## You're in safe hands with Eazipay

Eazipay helps businesses large and small access the power of Direct Debit. Thanks to over 20 years' experience, we are perfectly placed to help you improve your business's cash flow management processes and save you time and money by establishing regular payment collection via Direct Debit.

Our success is down to our attention to detail and the level of service we provide to all of our customers. Every customer, no matter what their size, receives the same high quality of care.

Eazipay has been awarded '**Affiliate**' status from Bacs, the governing body for Direct Debit in the UK. We are now a member of an exclusive group of 55 other Bacs Affiliates, which includes representatives from some of the UK's leading businesses, banks and building societies, as well as government organisations and banking technology providers.

We are also recognised as a **Bacs Approved Bureau**, which demonstrates that our operational processes and expertise not only meet, but exceed, exacting industry standards.

As well as our Bacs Approved and Affiliate status, we're also the first Direct Debit bureaux to receive the ISO9001:2008 certification for our Quality Management System and direct authorisation by the Financial Conduct Authority (FCA).





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