



Helping money flow
into your business

Want to get paid on time?

Collection made simple with Direct Debit



Take control of your cashflow



Simply and securely move money in and out of your business



Free yourself from chasing payments to focus on what matters most — growing your business



Add extra modules as your business' needs evolve

Get started

bottomline.com/directdebit

Welcome

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It's been a tough year for the UK's small and medium-sized businesses, particularly where their customers haven't been paying them on time.

Yet, that's the reality for a significant number of SMEs. For example, in last year's Business Payments Barometer, 89% of firms admitted to paying some suppliers late, usually for strategic reasons, such as protecting cash flow.

The report also found that 58% of decision-makers viewed the financial fraud loss as part and parcel of running a business. Nationally, that's a write-off running into the tens of billions (a shocking sum), but this doesn't have to be the case. In this supplement, you'll learn how to get paid on time.

Direct Debit plays an essential role here. What you might call the Netflix subscription model – of agreeing in advance to take cash from a customer's bank account – is now an everyday reality.

Indeed, one of Bottomline's specialities is sponsoring businesses into the Direct Debit scheme. In practical terms, that means managing (and in some cases chasing) payments via its cloud-based service.

The way we as consumers pay our bills can look to change radically in the next few years, in large part thanks to the innovations unleashed by Open Banking.

The pandemic accelerated digital transformation trends, as Bottomline confirmed when it sought the views of 800 UK financial decision-makers for its 2021 Business Payments Barometer.

Instead of typing out credit card numbers for one-off purchases, we're not far off settling bills quickly and securely at the push of a button.

Bottomline's Pay Direct service is a pioneer in this respect and is a much cheaper method of collecting money than paying for card transactions.

Some 68% of organisations surveyed for the Payments Barometer said that receiving money quickly has never been more critical. Hence the convenience of mobile payments has taken centre stage.

Such payments "are key for consumer-facing companies to remove the friction associated with cash collection", the report adds, which explains why 30% of those surveyed said they had started to accept mobile payments during the pandemic.

Nearly 18% have stopped taking cash payments altogether. "We expect this trend to continue as we move towards a cashless society," the Payments Barometer states.

We hope the information in this supplement will pique your interest and lead to a healthier balance sheet and smoother payment collections.

Improving payment collection

As Strategic Customer Success Manager, it's Richard Ransom's job to empathise with – and speak up for customers

It's a quarter of a century since Richard Ransom started working in payments. Back then, most people in business used cheques. "Bacs was gaining traction," he says, "but at that time, you could send a diskette to Bacs via a courier or by post. Not everyone was connected to Bacs using a telephone line, which is incredible."

He's seen all sorts of changes to the payments landscape. And in a company whose raison d'être is making sure its customers get paid on time, all this accumulated knowledge feeds into his current job as Strategic Customer Success Manager.

"I'm a non-commercial contact for a set of our customers," he explains, "so I talk to them about industry changes that might impact them, update them on current products, etc."

"Above all, my role is learning about their businesses goals, pain points and payment processes. By doing that, I bring that back to the account managers, back to the product team and back to marketing – so we've got a solid view of what's causing issues for our customer base."

"The other hat that I wear is as an industry leader, acting as a voice for the payments industry

working groups and forums."

Bottomline's customers range from SMEs to multinationals and banks.

"We pick up a lot from both ends of the spectrum," he says – which is a strength, as each can learn from the other's experiences.

Under the auspices of the Financial Conduct Authority, Bottomline gives firms the tools they need to collect money from those who owe them. Often that means sponsoring SMEs into the Direct Debit scheme, which would otherwise be off-limits.

"It's part of any business, getting the money in," says Ransom. "The amount of time and workforce spent chasing money, compared to the time you'd like to spend growing your business and attending to positive things, is measurable and significant."

"Getting someone to pay you the way they want to pay you seems to be the key thing there. But, also knowing where your payments are and if they could be late can help businesses to plan and manage cash flow better."

No one, it seems, is immune from this late-payer syndrome, which can cause months of frustration.



"GETTING SOMEONE TO PAY YOU THE WAY THEY WANT TO PAY YOU SEEMS TO BE THE KEY THING THERE"



You might give someone 30-day terms, and it might end up being 60 or 90 days before you get paid."

Recurring and one-off payments

How, in that case, can a business improve its cash flow? "Because invoices are the start of the payment process, we advise sending them electronically," says Ransom.

"We've got a system that enables you to send the invoice to an email address as a pdf and, as customers open and use that invoice, it tracks it – so you can say, 'Yes, you did receive it, and we can see it was opened on X date.'

"We've always said to customers in terms of getting predictable cash flow, Direct Debit is an absolute way of getting paid," he adds. Having established trust with a payer – one that you deal with regularly – you can say, for example, "We are going to send you a bill on the 20th of each month and will collect it on the 30th."

"Another thing that we are rolling out, which is leveraging an evolution in payments called Open Banking, is

helping organisations offer different ways to pay and to get away from having to rely on cards. The problem with using a credit card for people to pay you is you don't get the money as soon as they've paid you. So often, you're waiting potentially a month after the transaction," says Ransom. The new system he's referring to, called Pay Direct, involves you adding a 'Pay by Bank' button to your website's payment page. "Once the customer presses it, that goes into our service. The customer then selects their bank from a list, and then they log into their bank as usual," he explains.

"Bottomline doesn't hold any of the payment data; the bank receives the payer name, amount and reference, whilst the payer can check funds are available. There's no manual data for the customer to enter because it's all pre-populated."

Crucially, he adds, "the reference is as you want it to come back to you, rather than as the customer types it in. That's a big issue in terms of efficient reconciliation."

Richard also stresses that Bottomline – a regulated third party, with all the robust protections it entails – handles no sensitive payment details. Instead, it just facilitates the transfer from one account to another.

The fact that HMRC now lets you pay your tax bills via a similar service is a strong indication of how commonplace Open Banking has become since its introduction in 2018.

Ransom reports that this service is "starting to take off" and that at a virtual conference held recently, 500 people heard him talk about Open Banking's potential. "I can see this becoming a lot more widespread. For SMEs, the cost savings alone will help greatly," he says.

If someone buys a £100 product with a credit card, he notes, the merchant will pay a percentage of that £100 plus various charges.

We're charging one fixed fee, and that's it. You pay for the transmission of the payment rather than the value of the payment." ➤



Looking ahead

Direct Debit is a key payment type for companies with volumes continuing to rise. "We can see a lot more potential for our customers to use Direct Debit, as well as Open Banking, to offer multiple ways to pay. The more choices you offer, the better."

Another method on the horizon is Request to Pay, which could mean that in the not-too-distant future, we'll pay for items via a smartphone app and, in some instances, discuss what happens next with the seller.

"I could send you a bill for £100, and you could go, 'Right, I'm going to pay it,' press a button, and that will take you through to a bank payment process," Ransom says. So in that respect, it's similar to Pay Direct.

But if the buyer has a variable income or short-term issues getting hold of cash, he can request delaying the payment or paying in instalments. The benefit to the seller is that as soon as the bill is opened, he's aware of how the customer intends to settle it.

It's worth noting that Request to Pay is still at the pilot stage and that Bottomline is involved in the pilot,

"PEOPLE EXPECT
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says Ransom – but considering how secure and well understood Direct Debit is, this innovation is likely to be "just an alternative" for some time. Predicting how payments will evolve can be difficult, as Ransom knows only too well. "It would amaze even the 2006 version of me that cheques are still around," he says. Likewise, many observers thought Faster Payments' arrival in 2008 heralded the end for Bacs regarding business payments and payroll.

The effect of the Prompt Payment Code, also created in 2008, has been positive, he says, but it still isn't a cure-all. However, he's expecting a change of focus now that it is part of the government business commissioner's remit.

By contrast, the impact of

smartphones has been phenomenal. "They've changed people's expectations of what you should be able to get from a service provider. People expect a great user experience and to be able to use things 24/7," he says.

According to Statista in 2020, people now use their smartphone to access their bank: 76% of people bank online and 87% of people purchase online.

As a result, they have much greater expectations of choice, user experience, opportunity, and what service providers and banks should provide."

So, how will payments look five years from now? "I think people will be a lot more used to Open Banking as an alternative to cards," he suggests.

"Direct Debit will still be very much with us, but people may become more used to Request to Pay's promise of sending out an invoice and getting a payment on that.

"Hopefully, the government will do more to legislate against late payment, but even if it doesn't, I think the cheque will finally go in the next five or six years as a business payment method.

"I think there'll be more visibility. People want to get paid faster. Of course, you're always going to offer credit to organisations, but I think the expectation of what you can do, and making things easier for someone to pay you, will be the prevalent ways that change will happen."

CASE STUDY

Keeping the wheels turning

Discover the benefits Caboodle gained thanks to 100% paperless Direct Debit

Caboodle boasts that with its expert knowledge and experience of the market, it has brought together one of the widest ranges of employee benefits schemes imaginable.

The Crewe-based company, formerly known as Salary Exchange, is committed to offering everything a firm needs to reward and engage with its staff.

It's undoubtedly a formidable, successful operation – but naturally, it can't do everything.

In particular, its workforce doesn't have the specialist knowledge required to keep tabs on payments. In this respect, Bottomline's expertise has been a godsend.

"We process a huge amount of Direct Debit every day," says Managing Director Catherine Bennett. Without automation, we would need a whole team of people to do this because it's not just about collecting the payments. It's about chasing payments and credit control, which take a massive amount of resource."

That's why Bottomline was "a day-one, obvious partner", says Dan Harrison, Caboodle's Head Of Sales and Marketing. "We wouldn't have been able to grow to the size we are now because we'd still be focusing so much time doing manual Direct Debit.

Launched in 2009 by die-hard cycle enthusiasts intent on starting a bike-to-work scheme, the company grew tremendously, thanks mainly to its team's enthusiasm and sense of adventure.

"We don't like to think of an idea, sit on it for years and wonder if we can make it happen. At Caboodle, we like to move quickly," says Harrison. "When an idea comes, we jump straight on it and get that deployed as soon as possible."

He adds that in the early days, however, the organisation's premises "became a bike shed almost overnight with the number of people we have cycling to work, which I think says a lot about our commitment to the scheme".

Bennett's main aim has always been to drive engagement between clients and their personnel "by automating as much as we can, making it very self-service from their perspective".

Such is Caboodle's glowing reputation; this impressive set-up has drawn customers from far and wide.

Harrison concedes that in less experienced hands, a tremendous demand for services could prove overwhelming. "The amount of paperwork we would generate if we didn't have Bottomline, if we didn't have them doing this for us, would be nightmarish," he says.

"We're not a payment company, and we couldn't simply do it. So we focus on what we do, which is the product and the journey and the user experience, and Bottomline means that we can take away the whole payment part and focus on what makes us great."

Bennett agrees wholeheartedly. "We have a sophisticated solution set up with Bottomline to integrate the reports straight into our system," she says. "This reduces the amount of human intervention and therefore errors. But, we've always got access to the payment platforms to go in and pull reports when we need to."

Bottomline's contribution, she concludes, is "really essential to our business".

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The evolution of payments

The past year's pandemic may have marked a turning point for payments, quickening the move towards a cashless society.

As countries locked down and fears spread that the virus could live on in coins and banknotes, the natural response for many was to rely on digital, online and electronic payments.

We've had cashless societies before, of course, but they've never been this sophisticated. Back in the Neolithic age, they were based around bartering. But, as we understand it, money didn't appear until the Turks invented coins made from precious metals in the 6th or 7th century BC. In the 7th century AD, the Chinese came up with a lighter alternative in paper money and banknotes. The issuing country's gold supply backed these until Richard Nixon

abolished the US gold standard in the 1970s. The first cheques appeared in 12th century Italy. Fast-forward to 1871, and Western Union invented cash transfers via its telegraph network. Its first 'loyalty card', or credit card, arrived in 1914, though the concept didn't start to take off until the 1950s. Since then, we've seen the emergence of ATM cards, digital payments and even cryptocurrencies. Unfortunately, even with these advancements, businesses still struggle to get paid on time.

Banking's evolution

The hassle of chasing someone for money can't be overstated, but technological developments have made some aspects of collection easier. In the UK, Bacs – the Bankers' Automated Clearing System, introduced in 1968 – has seen its use soar in the 21st century.

In 2019, Bacs stated that they processed 6.5 billion payments totalling £5 trillion - more than 4.5 billion of those were Direct Debit. Typically, Bacs payments take three days. But under the Faster Payments Service, launched in 2008, transfers between different banks' customer accounts take just a few seconds.

Open Banking, which came into force in 2018, compels the UK's biggest banks to release their data to authorised organisations – the result being that third parties can facilitate data-sharing and create new products with it. It may not sound like much, but that's a big deal.

On top of all that, the UK's New Payments Architecture (NPA) promises even more radical changes (see box).

The Covid effect

Much has been written about the consequential effects of the pandemic. As you might expect, these have been transformative when it comes to people's shopping and payment habits.

Online sales have skyrocketed, as have contactless payments. What's more, in a Bottomline/Elite Business poll to business owners that asked, "How does your customer buy from you?", nearly three in ten mentioned online sales via mobile – by far the most popular answer.

Last year's Business Payments Barometer confirmed the importance of technology, real-time payments and mobile payments to SMEs.

At that same time, 89% of decision-makers admitted that their businesses continue to pay suppliers late.

Helen Priestman, New Business Director at Bottomline, says that many businesses don't realise that alternative payment methods are available to them. Those that approach a bank about accepting payments by Direct Debit may also find that they can't produce the balance sheet or trading history required.

"This option is often ruled out by most businesses, totally unaware that Bacs facilities, through management providers like ourselves exist and can provide the required sponsorship into the Bacs scheme within days," she points out.

Priestman notes that the ever-growing subscription economy, once confined to gym memberships and the like, encompasses a much more comprehensive range of activities these days. But, more generally, she also acknowledges that some businesses don't know where to start when it comes to alternative payment methods.

"There's the perception that to adopt an automated payment process would be time-consuming and a costly project, requiring internal resource and development – whereas outsourcing to a managed payments provider can remove the majority of that burden," she says.

As trusted experts we often say, 'Leave us to handle your payments,' leaving the business to focus on what matters most."

This applies to cleaning companies, gardeners, milkmen and window cleaners as much as anyone, she adds. So maybe the cashless society is closer than many of us think.

Here comes the NPA

Bottomline's Head of Strategic Business Development, Marcus Hughes, says that in the next few years, the New Payments Architecture (NPA) – a natural extension of Open Banking – will radically change the UK payments landscape.

"The most significant of these changes will be the end of the Bacs three-day clearing cycle. Bacs Direct Credit and Direct Debit, as well as Faster Payments, will all be replaced by a new credit transfer instrument, which will clear in real-time – that's 24/7, 365 days a year," he says.

Direct Debit will still be widely used, he stresses, "but the way they are processed and cleared will undergo significant changes to make them easier, faster and more secure. All these new processes will take a bit of getting used to, but they'll also bring advantages."

New payment instruments, known as overlay services, are also in the pipeline. These have names like Request to Pay, Enhanced Data and Confirmation of Payee.

"The programme's objective is to modernise UK payments and make them more secure by replacing rather complicated legacy systems and by ensuring that the UK has a more stable and resilient payments infrastructure," adds Hughes.

How to ensure you get paid on time



Late payments have become a never-ending headache for many UK small and medium-sized businesses.

In fact...



£23.4bn worth of late invoices are owed to businesses across Britain¹



£4.4bn each year is spent on collecting money owed⁴



Around **50,000 small companies** close each year due to late payments⁵

£8,500 is owed
to the average UK small business²

Around 90 minutes a day is spent following up late invoices³



The good news is that understanding common hurdles and following best practices will **ensure you get paid on time, every time.** For the perfect payment journey, follow these four key steps...

1. INVEST IN A PAYMENTS SOLUTION

Use an **automated platform** that doesn't restrict payment types and will control when and how often payments are made, and avoid the hassle of chasing late payments.

4. KEEP YOUR PAYMENTS SECURE

Work with a **Bacs-approved Bureau** to safeguard your business payments from error, fraud and malicious attacks.

2. GO DIGITAL

Implement Direct Debit & Card payment forms within your website to **make the process quick and intuitive** while keeping your customers engaged.

3. EXPLORE NEW WAYS TO PAY

Save up to 50% on card fees and 2% per transaction by using Open Banking to accept payments directly from your customers' bank accounts.

Discover the new frontier for payments

With our award-winning anti-fraud solution for payments, your business can achieve all of the above and more. Bottomline PTX gives you the power to provide multiple payment options for your customers, so you can get paid in a way that suits you both. **On time. Every time.**

With a fast and easy sign-up process, onboarding a new customer takes just a few days. Once set up, payments are automatically collected on your chosen date, leaving you free to focus on your business.

Discover how your business can eliminate late payments, with a payment platform that works for every step of your journey.

Look after your cash flow

Practical steps to reduce late payments

Let's start by getting the bad news out of the way. Many companies, especially larger ones, regard paying suppliers late as absolutely usual in the business-to-business world.

Disturbingly, a recent survey found that 83% of all companies admitted to paying suppliers late, 29% of which was to safeguard their cash flow or prioritise other payments.

When you're on the receiving end, this tactic can hold back your company's growth, cause problems in paying your suppliers and staff, and potentially threaten your business's survival.

To compound the problem, some companies are terrible at chasing outstanding invoices. It may be that those responsible don't like confrontation or worry that they'll damage the customer relationship.

But here's some good news, courtesy of Marcus Hughes, Bottomline's Head Of Strategic Business Development. There's "a whole series of efficient steps" that businesses can take to reduce the likelihood of late payments.

"Effective cash flow

management is a mission-critical task," he says.

Hughes' first tip is to research a new customer's creditworthiness and reputation – that is, their solvency. "You need to check with credit agencies, the local chamber of commerce, and you should, of course, review your customer's financial accounts," he says.

"This is not just a one-off exercise. You've got to carry out periodic reviews and recognise that your customer's financial situation can change over time."

Another vital step is to document your terms and conditions of trade clearly. "This includes stating and writing your delivery and payment conditions. You must always ensure that your invoices are complete and accurate." Important details include:

- Your company's name, address, phone number and contact name;
- Your customer's proper company name, address and contact person;
- The nature and quantity of your goods or services;
- Your customer's references,



such as their purchase order number/pricing in the appropriate currency; and

- Critically, the payment terms you've agreed in advance.

"It sounds obvious," adds Hughes, "but don't forget to include all your bank account details, so your customers know exactly where to pay you and when.

"Another important step is that you should distribute your sales invoices as soon as possible."

In accounts receivable, preparing and sending out invoices quickly and accurately will be crucial as soon as your goods or services are delivered.

"For fast delivery of invoices to the right destination, you should be distributing your invoices electronically from a cloud-based platform," says Hughes. "These invoices can be sent as pdfs attached to emails or, better still, as machine-readable data files."

These files should be tailored to the data preferences of customers. "This makes it easier for your invoices

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to be absorbed into your customer's systems with minimum problems, hence avoiding re-keying." It's also cheaper than sending a paper invoice.

Having distributed your invoices, you need to do everything you can to track whether your customers plan to pay them in a timely fashion.

A cloud-based distribution platform lets you check opened invoices.

"By identifying those customers who don't bother viewing invoices, you can focus your efforts," says Hughes. That means contacting these customers and reminding them of their obligations.

"Some platforms allow an electronic dialogue between you and your customer, making it easier for them to raise any queries, to request additional information and, in general, approve the invoice more efficiently.

"Likewise, you can check that delivered products are in good order and the correct quantities," he adds.

This whole process can be presented as part of good customer service. Offering customers early payment discounts is another simple but effective technique.

The best-known rate, says Hughes, is 2/10 net 30. In other words, if a customer pays the invoice within ten days instead of 30, they can apply a discount of 2% flat on the face value.

Techniques like these, he points out, accelerate a company's inbound cash flow and reduce its reliance on external borrowings.

"This, in turn, positions the business to invest in new stock to get into position to sell more products. So, it's a virtuous circle."

Additional actions

- Carry out regular monthly or quarterly reporting to keep tabs on your revenue, expenses and profits.
- Draw up clear financial projections and consider different scenarios, e.g. how would you cope if you started running out of cash or your biggest customer went out of business without paying you?
- Include a sales forecast, expenses budget, cash flow statement, balance sheet and profit-and-loss statement in your business plan.
- Deliver fabulous service, but don't let customers take you for a ride.
- If a customer has valid reasons for not paying, such as temporary financial issues, think about offering to spread their payments out.
- Zero in on habitual late payers, with regular automated email reminders that the invoice is due in 21/14/7 days, etc.
- If you find it challenging to chase money, ask your accountant or bookkeeper to act on your behalf.
- Be firm, persistent and polite.
- If there's no one you can call upon, create an email address in a fictitious name and claim that person is your credit controller.
- Consider offering a "pay now" option. If a customer claims on the phone that they want to pay you, a link that they can click on and make a direct payment might do the trick.
- Talk to Bottomline about Direct Debit and other payment methods.



Show me the money

Why waste time chasing payments when there's another way

Late payers are a nuisance at the best of times, but in the current climate their bad practices could seriously damage your business.

Managing and chasing payments is what Bottomline is all about – a business focused on helping customers simplify and streamline their payments processes.

An essential element of this is in sponsoring businesses into the Direct Debit scheme, the most popular and trusted way to pay regular bills in the UK.

Four out of every five households have at least one Direct Debit in place. And from a business point of view, you can control when and how often you get paid using the simplest way to collect.

You can set up Direct Debit mandates, payment plans and one-off transactions to collect variable amounts, subscription payments and fixed fees alike. After that, payments are

automatically collected on your chosen date, leaving you free to focus on your business without the fear of late payments.

At the same time, a strong consumer guarantee protects the person whose money you're taking.

SMEs commonly assume that only larger companies can get sponsorship into the Direct Debit scheme – which would almost certainly be the case if you approached a bank.

"That's where we come in," says Jon Rushton, Manager of Bottomline's business payment services.

"We can support businesses who either can't get sponsorship from the bank or possibly don't want to – they want a more rounded service than the bank would give them."

The Financial Conduct Authority regulates Bottomline, so it is obliged to carry out compliance checks, anti-money laundering checks and so on. In almost every case, however, it agrees to sponsor businesses into the Direct Debit scheme.

"We would give you the answer you need to collect money from your billers, from your payers, from the people that you invoice. By fully managing all that on your behalf," says Rushton.

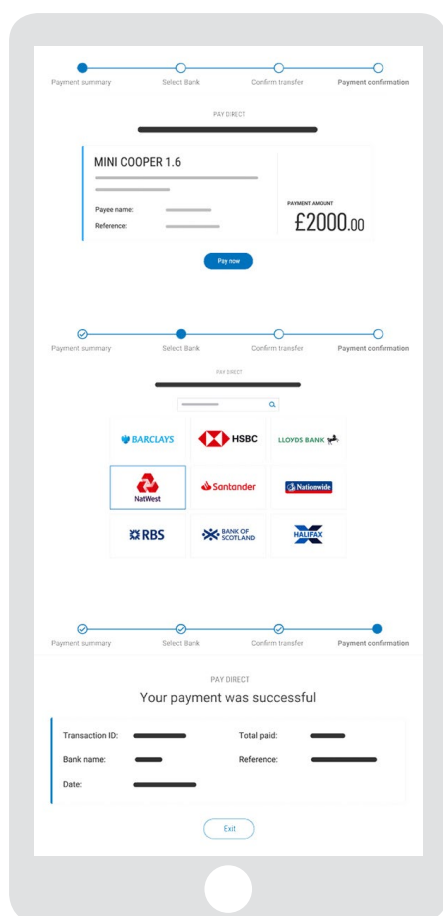
"We will handle all the people whose Direct Debit failed or people who cancel their Direct Debit. We'll give you all that information through our cloud-based platform – and on the due date, we will collect the money, make sure it all balances to your expectations and send it to you."

For details, call the payment experts on:

+44 (0)1189 258 250

Direct Debit benefits

- Regular, timely collections
- Reduced administration costs
- Fewer missed or rejected payments
- Visible indications of when to expect funds
- Increased customer retention
- Comprehensive reporting and audit trails



Managed Direct Debit | Bottomline

Making the most of managed services

Nearly all companies face late payment challenges. However, if you want to get paid on time, you can manage this on a single platform.

Bottomline's award-winning PTX payment solution is trusted by thousands of businesses like yours and designed to make the whole process as painless as possible.

If you're in the early stages of growing your company, just starting to consider Direct Debit or don't want the hassle of managing everything yourself, this technology will allow you to relax and let experts handle the whole process.

Bottomline's Managed Direct Debit service runs on a cloud-based platform, offering flexible access and ease of use. It is simple, secure and gives you better visibility and control over your cash flow.

One satisfied customer is Gloucester-based Catalyst Finance, which provides short-term funding solutions for SMEs. Its client relationship director, Max

With PTX, you can:

- Make payments using Bacs, Faster Payments and cheques
- Collect payments via Direct Debit, card and more
- Manage invoices, remittances and other critical documents
- Protect your business from error and fraud

Woodman, says Bottomline's team ensured a smooth transition to the Direct Debit collection service.

"The facility has enabled an improved process for setting up new instructions and amending existing Direct Debit payment programmes," he adds.

"The customer service team has been accommodating in answering any questions which have arisen. As a result, we have seen an improvement in our collections and client satisfaction." ➤

Find out more at:

bottomline.com/directdebit

Which option suits you best?

Good

For businesses starting out

- Everything you need to get started with recurring payments
- Online, telephone or in-person sign-up for your customers
- Quick start, no volume commitments
- Receive 100% of collection value in your bank account, simplifying reconciliation

Better

For businesses that have regular payers

- Your name appears on bank statements and branded payment pages
- More frequent collection schedules
- Our UK-based support team helps you every step of the way
- Receive 100% of collection value in your bank account, simplifying reconciliation

Great

For businesses with lots of customers

- For businesses with lots of payers
- Perfect for higher-volume originators or those moving provider
- Tailored to your needs as a business
- Receive priority support and service
- Receive 100% of collection value in your bank account, simplifying reconciliation



Win and keep customers with Pay Direct

In a world where customers

have never had so much choice, their online experience at the checkout could determine whether or not people buy from you.

Everyone's going digital, and businesses have realised that they need to offer alternative payment options.

One attractive option, powered by Open Banking, is Bottomline's Pay Direct, which your customers can use on a desktop or mobile banking app.

With Pay Direct, your customers simply pay directly from their bank account without leaving your website. In addition, details are pre-populated, so there's no risk of incorrect payment and no need for more information like passwords and billing addresses.

Unlike cards, sensitive payment details are never shared with or stored by you, so there's no need to worry about some hacker taking a crack at your website. And consumer confidence increases when you need it most: at the checkout.

Pay Direct transfers the customer directly to their bank and uses their bank's authentication, making fraud much, much harder – and in the unlikely event of an unauthorised transaction, they can get their money back.

Cheaper than cards

Pay Direct promises a more convenient (and reassuringly secure) buying experience for your customers. But that's not the only benefit for you and your business.

You'll receive the money quicker via UK Faster Payments and, in comparison with cards, save on charges by up to 50%.

Let's consider a doorstep dairy that has seen online demand skyrocket during the pandemic. It needs to rethink its business model because this trend looks set to continue.

The dairy projects 62,500 card transactions, with an average value of £80, over the next year. That's a total of £5 million.

A card fee of 1% would cost the

How it works

- Add a button to your payment page, giving customers the option to 'Pay by Bank' transfer.
- Your customers choose 'Pay by Bank', select their bank, log in as usual and authorise the pre-populated payment.
- They are then returned to a point chosen by you to continue their journey.
- The funds arrive in your bank account via Faster Payments along with the transaction reference details.
- You also get instant access to the transaction details in your PTX portal and can have them posted to your back office.

business 80p per transaction, or £50,000 altogether.

By contrast, Pay Direct charges a flat fee of 49p per transaction. So, if everyone used Pay Direct instead of a card, the dairy would save £19,375 a year.

Even if it converts only half of its card paying customers to Pay Direct, it will still save £9,688.

And as we've already noted, the move towards digital appears to be unstoppable.

Here's a useful tool that lets you estimate the savings you could make by switching some of your payments.

Calculate your annual savings, visit:

bottomline.com/paydirect

2021 BUSINESS PAYMENTS BAROMETER

Small Business

CASHFLOW

39% **1 in 2**
refuse to accept new payment methods businesses are willing to re-negotiate payment terms in light of Covid-19



67% believe receiving money quickly has never been more important

36%
agree

Cash flow forecasts are seldom accurate in my business

REGULATION

20%
of businesses haven't heard of any of the upcoming regulations



1 in 10
small businesses actually highlight regulations as a negative change



FRAUD

Only 34%
have seen an increase in insider fraud during the working from home environment

With fraud losses being **23% lower** than last year

The main defence is bank account validation & verification with **3 out of 5** using it

2021 **58%**
SMEs agree they should do more to mitigate against fraud

Medium & Large Businesses

CASHFLOW

MEDIUM BUSINESSES **LARGE BUSINESSES**
65% **69%**
are ready to renegotiate payment terms

63% **72%**
are prioritising bringing money in

51% **49%**
believe their cash flow forecasts are seldom accurate

REGULATION

32% **Almost half**
of large businesses highlight they don't have any information on ISO 20022 of large businesses don't know how to prepare for Open Banking, or what the benefits are

37% of medium businesses

42% of large businesses

highlight that there is no urgency for the Anti-Money Laundering Directive in light of Covid-19. **Are they right to be so relaxed?**

FRAUD

Fraud losses are down compared to last year but on average, large businesses lost **£190,000** of large businesses were the most concerned about external cyber attacks

69%
of medium businesses agree they should be doing more to prevent fraud

57%
of large businesses have seen an increase in insider fraud and collusion since working from home

Enterprise Organisations

CASHFLOW

1 in 4 **1 in 2**
enterprises still use Excel to help manage their forecasting – how is this possible? say their cash flow is rarely accurate

68%

are willing to re-negotiate payment terms in light of Covid-19

71%

say receiving money quickly has never been more important

REGULATION

Enterprises are the most prepared for all payment regulations

AML **75%**

Overlay Services **72%**

Open Banking **66%**

New Payments Architecture **71%**

ISO 20022 **67%**

Almost half of enterprise organisations lack a sense of urgency around Open Banking. **The benefits are significant, so where's the disconnect?**

FRAUD

Enterprises are the hardest hit this year Losing on average over **£400,000** a year (↑20%)

74%
agree they should be doing more to mitigate against fraud

63%
agree that financial loss due to fraud is part of running a business

1 in 2
businesses saw an increase in insider fraud and collusion during the work from home environment

3 in 10
use automated employee behaviour monitoring to making the most out of protection measures

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Benefit from **lower transaction costs** with a flat fee per transaction



Get paid faster and securely with no chargeback risk



Increases conversion with a **better payment experience** for your customers

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