



An Introduction to Direct Debit

Find Out How Direct Debit Can
Grow Your Business

Direct Debit Is One of the Most Popular Online Payment Solutions Available Today

Introduction

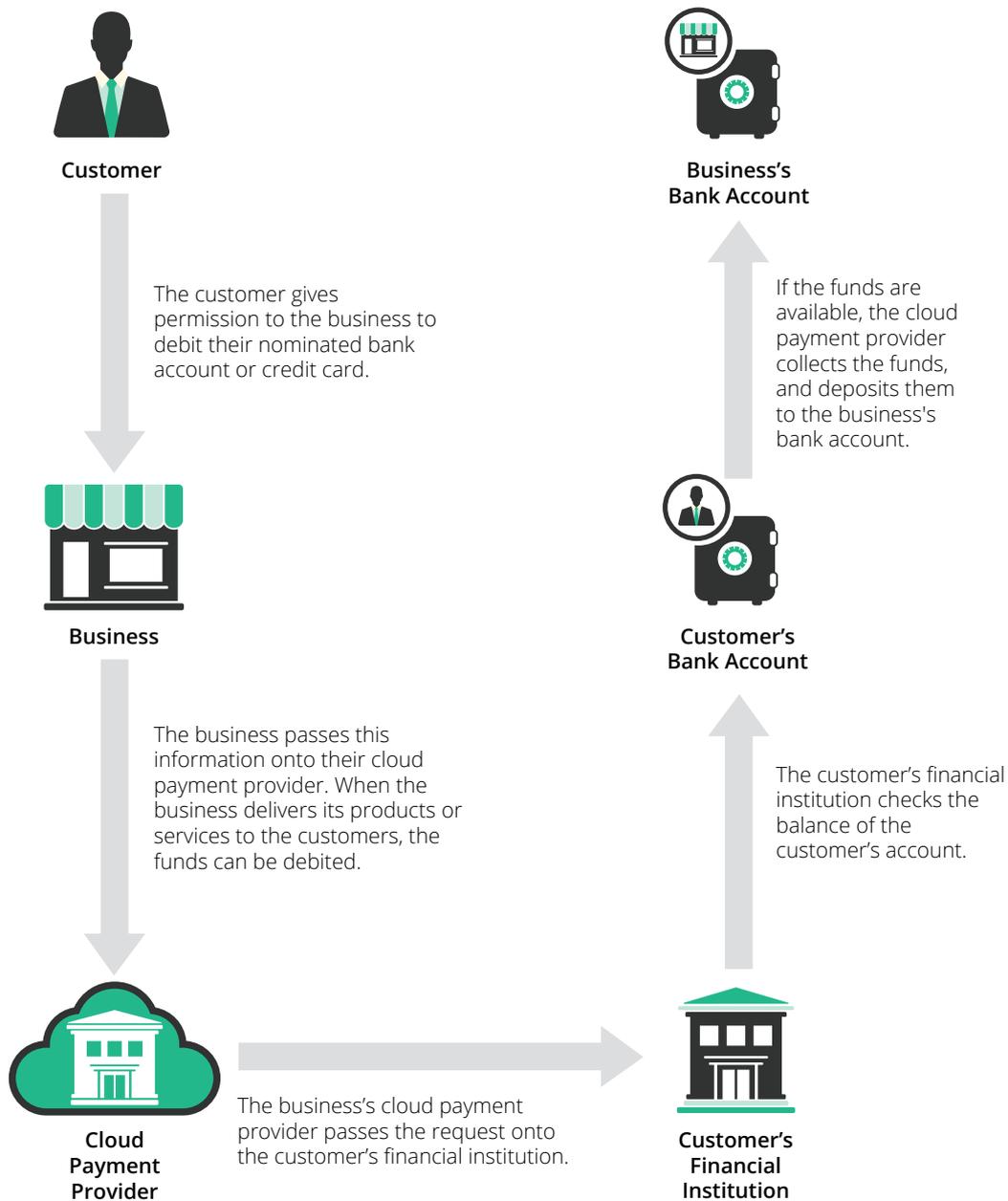
The vast majority of Australians are probably familiar with direct debit on some level through their working or personal lives, however few of us understand its real value.

This eBook is designed to help you gain a better understanding of how direct debit can be used to help you grow your business.

How does Direct Debit work?

The direct debit is an easy way for a customer to make a payment to a business.

The business is initially required to seek permission from their customer to withdraw funds from their account, after which they are able to automatically collect the agreed funds through their cloud payment provider when their service is delivered.



Fast Fact

Direct Debit Works
With Bank Accounts,
as Well as Credit Cards.



How Direct Debit Can Strengthen Your Business

Improve Cashflow

Direct Debit allows your business to improve its cashflow without having to increase your fees. Direct debit customers are far more likely to pay on time than customers using manual payment options (such as cheque, cash, or manual bank transfers).

This means that by using direct debit you can improve the speed of your inbound cash flow, increasing the volume of cash your business has on hand at any given time.

This cash can then be reinvested in the business to gain an edge over your competitors.

Reduce Debtor Delays

By enabling your clients to sign up to a direct debit solution, you can significantly cut down on the amount of late or missed payments.

This is because direct debits can be set up to automatically make payments to a chosen schedule. No longer are you relying on your clients to remember their monthly bill, but instead you receive funds on a reliable timeline. Your timeline.

In addition to making things easier for your clients, this process can have huge knock-on benefits for your business.

For instance, you can confidently pay your own bills knowing that the necessary capital will be available in your account each month.

Mitigate the Need to Chase Late Payments

Direct debit payment solutions can increase efficiency and resourcing across many departments in your business.

In particular, when clients sign up to automatic payments, there is no longer a need to chase up late or missing funds.

While in the past, your team may have spent hours contacting customers and investing in debtor solutions, direct debit ensures your employees can concentrate on more important functions. Great news for time-poor financial controllers.

Increase Customer Retention

Customer retention is a vital factor in securing regular, sustainable, and reliable revenue for your business.

By encouraging customers to remain loyal to your products or services, you can operate with the peace of mind that your available funds will continue to grow.

Direct debit is a great way to encourage customer retention and attract recurring revenue. This is because it creates a simple payment method that can easily be renewed and maintained over long periods of time.

Protection via PCI Compliance

Compliance with security standards is a requirement for every organisation that takes electronic payments, whether they are sole traders to multinational enterprises. The Payment Card Industry Data Security Standard (PCI DSS) is a framework designed to ensure businesses protect their customer's card data.

By providing organisations with a global standardised framework, the PCI DSS helps businesses prevent, detect, and react to security breaches.

For some companies, remaining compliant to the PCI DSS can seem like a big effort, taking significant time and resources away from other important business functions. Fortunately, direct debit is a reliable and safe payment solution, particularly when you access a cash flow management system through a fully PCI compliant provider.



The PCI Logo (above) will be displayed by providers who are compliant.

Fast Fact

95% of Bills Are
Paid on Time When
They Are Paid by
Direct Debit.



Current Direct Debit Usage Rates In Australia



Direct debits make up about 1/3 of all non-cash payments in Australia.



Cash is becoming significantly less popular, with ATM withdrawals down by \$12.5 billion since 2009.



Australians direct debit over \$460 billion in payments each year; the equivalent of the entire economy of Greenland every 44.5 hours.



On average, there are 2.6 million direct debit payments made daily in Australia today. This is double the volume of payments made in 2003.



Other forms of payments are decreasingly popular. Australians are 64% less likely to use cheques than they were in 2008.



Direct debits are continuing to grow by around 10% each year.

The 6 Most Common Direct Debit Myths

Separating Fact From Fiction

Removing any barriers your customers have to direct debit is critical to helping you achieve your goal of better cash flow.

Misconceptions about direct debit can arise from days-gone-by, lock in contracts, and inflexible terms. The truth is, direct debit provides both you and your customer the flexibility of automated payments with varying amounts and frequency.

The rise of non-cash payments in Australia is prolific, and direct debit is a core part of that growth. Clearly, Australian consumers are excited about direct debit and the potential convenience and security benefits this platform can offer.

However, some misconceptions about direct debit still exist among a number of local businesses. Let's take a look at six common direct debit myths...

Myth #1: Direct Debit Requires a Lot of Paper Work & Manual Processing

In the past, direct debit has drawn some criticism due to its reliance on paper forms and manual processes.

However, modern paperless solutions are extremely streamlined and automated, with consumers able to quickly and easily authorise the service.

Once authorised, customer payments are handled automatically with minimal input from the consumer or the business.

As a result, the customer is able to save time while the business improves their cashflow and productivity.

Myth #2: You Cannot Direct Debit a Credit Card

The second myth is that it is not possible to link direct debit payments to a credit card. In fact, not only is it possible, it's quite commonplace.

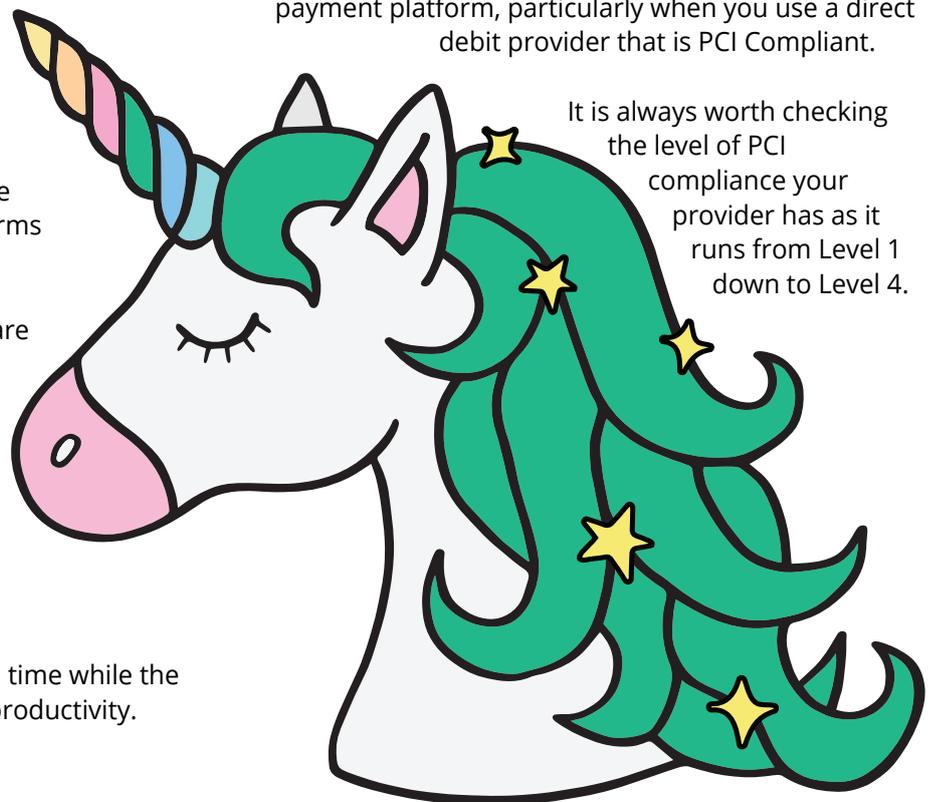
The process of transferring the money works in much the same way as for a bank account, however the fees charged on a credit card are likely to differ from the fees charged on a bank account transaction (they will typically be charged as a percentage of the transaction, such as 2.4%).

Myth #3: Direct Debit Is Unsafe

Considering the increasing scope and sophistication of modern cyber security threats, it's understandable that many businesses are concerned about the security and safety of their payment processing options.

However, direct debit is a highly secure and reliable payment platform, particularly when you use a direct debit provider that is PCI Compliant.

It is always worth checking the level of PCI compliance your provider has as it runs from Level 1 down to Level 4.



Myth #4: I Need to Invest in Expensive Software to Offer Direct Debit

A direct debit solution tailored to the needs of your business can be extremely affordable and easy to integrate.

In particular cloud-based payment solutions require minimal time and resourcing to set up. It is also important to remember the opportunity cost of not offering direct debit: inconsistent cash flow and reduced customer satisfaction.

You can calculate the impact of increasing the per cent of your customers on direct debit with our simple cash flow calculator.

Myth #5: Consumers Don't Like Signing a Direct Debit Agreement

Some businesses believe consumers will be unwilling to sign up to a direct debit agreement, as doing so requires them to commit to regular ongoing payments that are processed without their input.

However, the consumer always remains in control and can easily cancel their direct debit with a business. It is important to remember the power of direct debit is the control it affords the business-consumer relationship.

Direct debit saves them time and offers peace of mind when it comes to making time-sensitive payments. Direct debit also mitigates incidents of bill shock (unexpected and excessive bills that are often incurred due to late payments) and can lead to weakened customer relationships and increased customer churn.

Myth #6: Direct Debit Is Rigid and Inflexible

Direct debit payment solutions don't need to be excessively rigid and inflexible.

A good direct debit payment platform should cater for adjustments of payment terms throughout the life of the contract, allowing you to work with your customers to identify a payment schedule that suits you both.

This leaves you to focus on managing the relationship, not managing recurring transactions.



How Businesses are Making the Most of Direct Debit



Marina Perry

Founder and CEO, Pure Health Clubs

I would have to say that as the owner of a business, my ability to be confident in my cash flow and be able to make projections and business plans on the basis of it, is so much stronger now that we use Ezidebit to process our payments.

Being able to manage our KPI's through Ezidebit's reports and knowing that the payment structures are perfectly mirrored by the memberships that we have means that I can be confident in my data. And when your numbers are accurate and they're measured correctly then you're able to manage them better.

Another thing that I have found to be really beneficial is the ease with which we can do up-sells throughout the year.

For things like our challenges, being able to handle payments with direct debit is really valuable as we're talking between \$800 and \$2,000, depending on the package the customer opts into. Ezidebit lets us spread this cost out over a longer period & make the cost more affordable to the customer.

Likewise with our Personal Trainers we don't generally sell casual usage plans, we're selling 50 or 100 session packs, so customers are committed to large amounts of money.

It makes the sale process that much easier when we can say, "Well you know we can just run that on your fortnightly debit much the same way we do your

membership". The customer already has that feeling of "Well I already pay that way, so I'll just add it to it". So the experience for them is almost seamless.

The way that we choose to operate it is pretty much that Genevieve my general manager will manage all three sites, and then we have heads of department that are then equally responsible for their certain areas.

"Ezidebit lets us spread this cost out over a longer period and make the cost more affordable to the customer."

When I sit down with Gen, what I'm really getting is a condensed snapshot from all the departments. It enables us to be much more efficient & take a big picture view of the business.

Each of our team members is responsible for their section, they're using their reports on a day to day and a weekly basis and then I just do it once a month as a touch point with Gen.

I suppose if we bring that right down, it's talking about what makes cash flow and the management. As a business owner, that's the confidence I get from having the system so tightly wired together.



How Businesses are Making the Most of Direct Debit



Tracy Flint
Operations Manager,
Rural Fire Brigades Association QLD

Prior to using Ezidebit we were quite archaic in our payment collection methods - we did everything through old bank batching methods, which is very time consuming.

It was also problematic having to wait for declines to come back from the bank and then having to undo all the transactions that may have gone through the system.

"The primary benefit we get from Ezidebit integrating with our new system is an income stream that we've not had access to previously."

When we first started to negotiate with Ezidebit we were looking for a way to bring ourselves into the 21st century and to give us real time credit card processing. I chose Ezidebit as a result of quite a lot of research.

We have had a very good relationship with our bank in the past so we spoke with them first about what they could offer.

Their pricing was good but it was Ezidebit's willingness to help us with staff training and the development of documentation that made them stand out from the competition.

The support offered during the transition was something that nobody else offered us. And that kind of support was very important to us as a charity because we don't have the resources to do this internally.

The primary benefit we get from Ezidebit integrating with our new system is an income stream that we've not had access to previously. Due to time and resource limitations we've only ever been able to contact our donors a maximum of five times a year.

Using Ezidebit allows us to offer our donors a monthly debit from their account, increasing our revenue far beyond previous levels.

On the figures we've run, we have seen that in the initial stages Ezidebit has the potential to increase our revenue by around 25%. But it could easily continue to grow from that point. This will be hugely beneficial to our 1,400+ brigades.



How Businesses are Making the Most of Direct Debit



Karen Coyne
Centre Coordinator,
Morningside Afterschool Care

Prior to using Ezidebit we were spending over 15 hours a week dealing specifically with accounts.

Our main goal was to reduce that administration time so that my staff and I could come out from behind the desk and focus on what this service is all about: providing a good quality afterschool care programme for children.

From our end we've found that Ezidebit is very easy to manage, one hit of a button and it all goes through.

Plus we can access Ezidebit on a laptop from anywhere, so if I know that I have a busy day ahead, I can process the payments from home. It probably takes me five minutes out of my morning.

When we were making the transition from cash and Point of Sale payments to direct debit, we found that most parents were more than happy to make that change.

For the few that were a little bit unsure, we worked with them and explained that the benefits of making the change would be a positive outcome for all. As a result we have now got 100% of our families using direct debit.

Previously we would have to chase parents for outstanding money. It's not a nice job to do, I don't know any director or coordinator that actually likes chasing people for money. We are still talking to families, but we're talking to them about their children, not their accounts.

Ultimately, having Ezidebit in place has allowed me to spend more time with my staff, more time with families, and given us some peace of mind in knowing that the accounts are going to be paid on time.

Ezidebit is a leading provider of secure cloud payment technologies in Australia and New Zealand. Our cloud payments platform supports our clients to achieve customer-centric business transformation at scale.

Today thousands of businesses - from startups to enterprises - across a range of industries have chosen Ezidebit as their trusted payments solution provider. Ezidebit is a part of the Global Payments (NYSE: GPN) network of companies.

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