

Direct Debit Propensity Models

an innovative solution for maximising Direct Debit take-up

Context Bacs has joined forces with Experian, the global leader in information provision and analysis, to create a brand new suite of propensity models that organisations can use to help maximise the take up of Direct Debit among customers.

79% of the UK adult population have a positive disposition to paying regular bills by Direct Debit. Indeed, almost two thirds actually prefer to pay this way. Over 3 billion Direct Debits are processed in a year and 72% of UK adults now have at least one Direct Debit commitment. Increasing the number of your customers that opt to pay this way can be advantageous for both them and you.

Customers that pay by Direct Debit:

- spend less time paying bills
- save money by realising the discounts offered by some organisations
- improve financial control – they know when money is due to leave their bank account and are less likely to default on bills
- benefit from protection under the Direct Debit Guarantee.

For you, as a business, the benefits of Direct Debit can include:

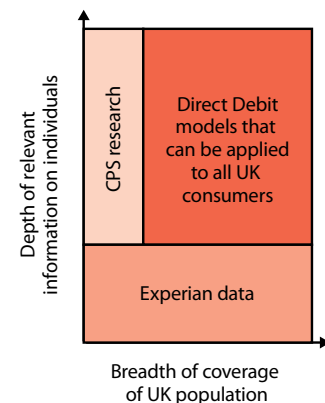
- improved cash flow – your financial team can be confident about what income is expected and when it is due to arrive
- reduced bad debt – there is no need for you to issue reminder notices, red bills or chase late payers
- improved customer loyalty
- enhanced customer experience.

“Using the data mining tool to target potential converts, we managed to half the size of our mailing and also doubled our normal response rate despite already having 72% of residents paying by Direct Debit.” Phil Pettit, Colchester Borough Council

The proposition

The Consumer Payments Survey (CPS) is a major continuous financial survey we carry out every year. Providing a fascinating insight into consumer attitudes to money – including different payment methods like Direct Debit – our CPS research shows that different groups of consumers have varying propensities to use Direct Debit and for different reasons.

We’ve joined forces with Experian to extend the value in our research by linking it to Experian’s rich set of demographic and lifestyle information on all UK consumers. Using intelligence from both sides of the partnership, we have developed a suite of propensity models that you can use to identify which of your customers are most inclined to pay by Direct Debit and why. The models also spotlight which customers might take more convincing about automated payments and importantly, what might motivate them to make the switch from more traditional payment methods like cash and cheques.



“Our Direct Debit marketing campaigns had started to hit a brick wall in terms of securing customer responses and we were struggling to maintain momentum. Employing the data mining software created by Bacs and Experian, reinvigorated the marketing team and gave us some alternative routes forward.”
Howard Middlemiss, Sunderland City Council

What models are available

Bacs and Experian have developed a number of off-the-shelf models which fall into two key categories:

- The first set of models predicts an individual's propensity to pay a particular bill type by Direct Debit. Separate models have been created for all major bill types including council tax, utility, credit card, telephone and TV licensing bills
- The second set predicts an individual's likely reasons for using Direct Debit, for example saving time, helping them manage their finances more effectively or to save money.

These two types of model can be combined to decide who to target and with what message.

If you have your own data on Direct Debit behaviour, or other variables that may be predictive of Direct Debit take up, we can develop a set of bespoke models for you which maximises the power of this 'internal' information when combined with Experian data and the CPS research.

Implementation options

The service that we have developed in partnership with Experian has been designed with flexibility in mind. The off-the-shelf models can easily be applied by appending predictive scores to a file of names and addresses.

Alternatively, if you already licence one of Experian's key consumer classifications such as Mosaic or Financial Strategy Segments, this can be used as the link between our CPS research and your own internal records to create a list of target customers.

In either case, Experian will work closely with you to determine the best way of implementing any bespoke solution.

Find out more

For further information on how you can benefit from our Direct Debit propensity models please contact:
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