

# THE LITTLE BACS GUIDE TO **PROMOTING DIRECT DEBIT**

The essential guide to help you get more of your customers signing-up to pay by Direct Debit



 **bacs**  
Part of **pay.uk**

## INTRODUCTION

This guide is to help you get more of your customers signing-up to pay by Direct Debit. Whether they are new customers paying you for the first time, or existing customers who you want to convert to Direct Debit from other payment methods, this guide will give you some powerful techniques to get them on board – from planning your campaign to assessing its effectiveness.

### Using this guide

Each section of this guide features some practical tips that you can use straight away. But if you'd like to go into the topics in more depth, just click the links to read more. Each section also features a best practice tip to help take the effectiveness of your campaign to the next level.



## THE DIRECT DEBIT ADVANTAGE

More and more businesses are recognising the very tangible business benefits of customers paying by Direct Debit. Here are a few reminders of the key reasons why your business might benefit from customers switching to Direct Debit or from changing the way your Direct Debits are set up and collected. You might find these useful if you need to present a business case to support a Direct Debit marketing campaign.

- **Improved cash flow**

Switching customers to Direct Debit means you can guarantee the timing of incoming payments, ensuring a consistent and predictable cash flow.

- **Reduced administration time and cost**

Direct Debit means you don't have to spend time issuing reminders and chasing payments.

- **No more lost or delayed payments**

Payments can be difficult to track, can easily go astray or be delayed. With Direct Debit you receive the payment on time, every time.

- **Business planning**

Predictable payments not only improve cash flow but also enable you to better plan business resources such as staffing and other expenditure.

- **Simpler and more convenient for customers**

77% of customers are positively disposed to Direct Debit and for 62% of customers it is their preferred payment method.



### SAVE TIME AND MONEY

“With Bacs we were able to tap into support and expertise, which we were keen to utilise in increasing Direct Debit sign-up rates. Not only can we save time and money by switching the way people pay, but we know that paying by Direct Debit means that our residents and their families can benefit from the ease and convenience of paying this way.”

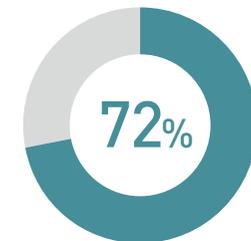
—  
**GEOFF STRETTON,**  
Leonard Cheshire



### BEST PRACTICE TIP

#### OFFER A CHOICE OF PAYMENT DATE

Offering ‘any day’ payment with Direct Debit has been shown to increase Direct Debit uptake dramatically as it gives the customer choice, flexibility and control. The Rent and Income Excellence Network (RIEN) report (January 2015) detailed that 72% of landlords saw an average 15% increase in the uptake of Direct Debit as a result of offering ‘any day’ payment.



72% of landlords saw an average increase of 15% in the uptake of Direct Debit

## PLANNING YOUR CAMPAIGN

If you're used to putting together marketing and advertising campaigns you'll know that their success or failure depends on careful planning.

Here is a simple checklist to help plan your marketing campaigns.

- **Set measurable criteria for how the effectiveness of your campaign will be judged**
- **Identify the customers who are most likely to take up or convert**
- **Consider which media are likely to be most cost-effective**  
[Read more about each of the above](#)
- **Select the messages most likely to drive conversion**  
[See 'Which message works best?'](#)
- **Consider using incentives to increase response**  
[See 'Getting customers to sign-up'](#)
- **Test different versions to enhance your long-term performance**  
[See 'Is your campaign working?'](#)



### QUICKER PROCESSING

"As a professional membership body, Direct Debit is the ideal method for us to collect fees. It is cheaper and quicker for us to process payments this way and we also know that Direct Debit is popular among our members who can benefit from flexible payment options."

JANINE CHASMER,  
Royal Institute of British Architects



### BEST PRACTICE TIP

#### THINK ABOUT TIMING

Timing can be an important factor in influencing a customer's decision to switch to Direct Debit. Communicate with your customers when managing their finances is top of mind. This will depend on your customer base but typically this is in the New Year, at the end of the tax year or after the Summer holidays. It could also be triggered by lifestyle changes such as moving house or renewal dates related to your product, service or subscription, or simply when they have a bill to pay.

## PLANNING YOUR CAMPAIGN

### SET MEASURABLE CRITERIA FOR HOW THE EFFECTIVENESS OF YOUR CAMPAIGN WILL BE JUDGED

Setting Key Performance Indicators (KPIs) will enable you to measure the success of your campaign. Success could be measured by the number of new sign-ups received during campaign activity compared with a similar period before the campaign began. The value of the sign-ups can be compared to the cost of your marketing campaign to enable you to measure your return on investment. Another measure of a campaign is reach: how many potential customers have been exposed to your campaign? For example, including a Direct Debit sign-up message on customer bills will reach those not currently paying by Direct Debit.

See [‘Is your campaign working?’](#)

### IDENTIFY THE CUSTOMERS WHO ARE MOST LIKELY TO TAKE UP OR CONVERT

Our research has shown that certain customers are more or less likely to use Direct Debit as a bill payment method. Propensity to use Direct Debit can be categorised into four different customer groups: Preferrers, Selectives, Reluctants and Will Not / Cannot. Use our pen portraits to help you segment your customer base to find out who is most likely to convert and therefore a good prospect for your campaign.

[View the pen portraits](#)

### CONSIDER WHICH MEDIA ARE LIKELY TO BE MOST EFFECTIVE

Direct communication with your customer-base is likely to be most cost-effective. If your customers have opted in to receive marketing communications, you can use email to promote Direct Debit sign-up. Social media is another way of communicating directly with your customers. Banner advertising on your website could highlight the benefits of payment by Direct Debit. Bill messaging can be used to reach your customers in the most timely way, i.e. when they are thinking about paying. Point-of-sale could be effective if you have premises or a location that your customers visit.

See [‘What media should you use?’](#)

## WHICH MESSAGE WORKS BEST?

The key benefits of using Direct Debit are that it is secure, guaranteed and offers peace-of-mind.

Attitudes to Direct Debit and motivations or barriers to its use vary by different customer groups. Using messaging that will resonate with a particular group is key to campaign success. It is useful to refer to the customer pen portraits to inform your campaign messaging.

Opposite are some examples of campaign messaging that has worked for different groups of customers.

[View the pen portraits](#)



### BEST PRACTICE TIP

#### CONSIDER DIRECT DEBIT AS PART OF YOUR WIDER MARKETING CAMPAIGNS

Don't forget you can include a Direct Debit message in other marketing campaigns. Remember Direct Debit is the most popular method of payment so this could be an important support message in your attempts to sign-up customers up to your product or service.

## MESSAGING EXAMPLES

### PREFERRERS

Take it easy. Just pay your bills by Direct Debit and put your feet up.

Direct Debit bill payments. For people who want to get more out of life.

Relax. It's easier and simpler to pay your bills by Direct Debit.

Why not pay your bills by Direct Debit and free up some precious time!

### SELECTIVES

Trust Direct Debit to put you in control of your bills.

Never forget to pay your bills again. Direct Debit is safe, reliable... and easy!

Direct Debit is the UK's favourite way to pay their bills and manage their money.

Never forget to pay your (insert bill) again. Set up a Direct Debit online now!

### RELUCTANTS

Simply pay your bills by Direct Debit. It's one thing you'll never need to worry about.

Take the stress out of paying your bills. Direct Debit is safe and easy.

Millions of people trust Direct Debit to save them time and money with bill payments. You could too!

## WHICH MESSAGE WORKS BEST?



### PREFERRERS

#### MARKETING MESSAGING

Convenience, ease,  
hassle free

- Equal male / female split, aged 25–44, ABC1C2s
- More likely to be better off than on lower incomes, tend to be home owners with a mortgage, or own a home outright, less likely to live in the South East with a relatively even split over other UK regions
- More likely to be in full time employment than self employed or retired
- Find it a convenient, quick and hassle free form of payment, have the time to be very well organised financially.



### SELECTIVES

#### MARKETING MESSAGING

Safe and reliable,  
secure, trusted  
payment method, puts  
you in control, don't  
forget to pay

- Equal male / female split, tend to be 45+ with highest proportion being 65+, more likely to be ABC1s who have older children that no longer live at home
- A slightly higher percentage come from lower income households, living in privately rented properties or homes they own outright, more in East Anglia, London, South East and Wales than other UK regions
- They are less likely to be students with a relatively equal split across other employment status classifications
- Concerns about the safety aspect of automated payments, don't trust some organisations to administer Direct Debit correctly
- Have time to manage financial matters and may be stuck in their ways – for example, they like paying bills in full where possible, fear losing control of their finances if too many bills are paid by Direct Debit.



### RELUCTANTS

#### MARKETING MESSAGING

Safe and reliable, secure,  
trusted payment method,  
budgeting, saves money,  
financial management,  
don't forget to pay

- Equal male / female split, predominately falling into two age brackets 16–24 and 55–64, with a high proportion being lower social grades D and E
- From lower income households, more likely to live in Eastern areas from the North East down to the South East, mainly living in being bought / part rented houses
- Students are likely to be reluctants with house sharing and low income levels most likely influencing their current reluctance to Direct Debit
- They fear losing control of their bank account / balance, concerns about banks and billers making mistakes, assumption that companies can dip into their account and take money whenever they want
- Don't trust themselves to have the required funds when the Direct Debit is due, concerns over bank charges if they miss a Direct Debit payment.

## WHAT MEDIA SHOULD YOU USE?

There have never been so many ways to communicate with your customers and potential customers, either using owned media such as bill messaging, emails, website and social media posts or paid for channels such as advertising. Point-of-sale can be effective if you have premises that customers visit. SMS messaging can be used for short concise calls to action – useful for bill reminders and Direct Debit sign-up.

Consider the following when selecting your media:

- **Bill messaging**
- **Emails**
- **Website**
- **Text messages**
- **Advertising**
- **Social media**
- **PR**
- **Point-of-sale**
- **Leaflets, letters and bill inserts**
- **Telephone**

[Read more about each of the above](#)



### BEST PRACTICE TIP

#### WOULD A MULTI-CHANNEL APPROACH WORK FOR YOU?

An integrated marketing approach, using a consistent message across a mix of different media, can often give your message a better chance of getting heard, understood and acted upon. Using multiple channels – social media and email, say – also allows you to learn which ones are most cost-effective for reaching your key target audiences.



72% of customers say they would rather connect with brands and businesses through a multi-channel approach

Source: 'The 4th Annual Consumer Insights Survey'; myBuys



### WORKING TOGETHER

“The main reason for choosing allpay to manage our Direct Debits was flexibility. We can now offer more payment dates and customers can choose how often the payments are taken; whether it’s weekly, fortnightly or monthly. This allows our customers much more flexibility to tie in their payments with when they receive their wages or benefits.”

**MAUREEN GRAINGER,**  
Income Team Manager,  
Your Homes Newcastle



## WHAT MEDIA SHOULD YOU USE?

### BILL MESSAGING

Add a simple reminder or call to action to sign-up to paying bills by Direct Debit to your customers bill. This is cost-effective and timely. Give some consideration to where this appears, could it be in a more prominent position? If it appears in a list of payment options, is it at the top of the list?

### EMAILS

If your customers have opted in to receive marketing communications, emails are a cost-effective way to reach them with Direct Debit messages. Think about your subject line – it needs to persuade the customer to open the email. Personalise the information to the recipient wherever possible. The pen portraits and sample messaging will help you do this. Include a call to action – either a link to your website or a telephone number.

### WEBSITE

Customers will often access your website as one of their first points of contact with your product or service. You can include information about Direct Debit on multiple pages: not just within the payment area but also consider FAQs or even placing Direct Debit adverts on other pages of your website. Remember to include information that explains how the customer can sign-up and if possible an online sign-up form.

### TEXT MESSAGES

SMS is a simple, eco-friendly way of communicating directly with customers. It is cost-effective (just a few pence per message) with a 98% open rate<sup>1</sup>. SMS service providers will send a confirmed delivery report with more detailed reports often available as an option which will allow you to track who has clicked on your message.

### DIGITAL ADVERTISING

Don't forget that you can use your own website to advertise the benefits of paying by Direct Debit.

### SOCIAL MEDIA

The most popular social media channels are Facebook, Twitter and LinkedIn. Depending on the profile of your target audience you could use one or all of these to communicate with them. A promoted post will enable you to set a budget to pay for a boost to ensure your post is seen by more people while paid for advertising will enable you to add content for a particular target audience more specifically. Budgets are set up front which is useful for controlling marketing expenditure.

### PR

A strategically planned public relations campaign can take your message to your audience in a very cost-effective way, using the power of editorial coverage in local or national media.

### POINT-OF-SALE

If you have offices or premises regularly visited by customers, why not position some Direct Debit promotional material there to help persuade them to switch to a more convenient, simpler way of paying? Make sure that your staff understand the benefits of paying by Direct Debit and are trained to advise customers to pay this way.

### LEAFLETS, LETTERS AND BILL INSERTS

Paper bill inserts can be a useful way to target customers who do not interact with you online or via email. Including information with their usual bill means that you may not incur additional postage costs.

### TELEPHONE

One-to-one interaction over the phone provides a good opportunity to convert customers to Direct Debit particularly if your customer base is normally in contact by telephone. Inbound call management can include scripted questions about payment by Direct Debit. Alternatively an outbound marketing campaign can be used to specifically convert customers to Direct Debit payment.

## GETTING CUSTOMERS TO SIGN-UP

Convincing your customers that they should sign-up for Direct Debit payments is only half the marketing challenge. It's also vital you make signing-up as easy and painless as possible. If it's complicated or confusing they'll drop out at the final hurdle. That's why the call to action that asks for their signature – real or virtual – must be compelling and crystal-clear.

- Paperless sign-up
- Signing-up by post
- Support and help them all the way

[Read more about each of the above](#)



### BEST PRACTICE TIP

#### OFFER AN INCENTIVE TO BOOST CONVERSION

You can give your Direct Debit campaign a real boost by offering a simple incentive to sign-up. This could be a free gift, an entry into a free prize draw, a free month(s) subscription or charity donation.

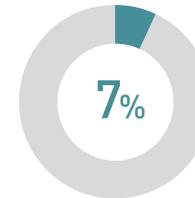
#### WHEN OFFERED A DISCOUNT:



of preferers  
will sign-up

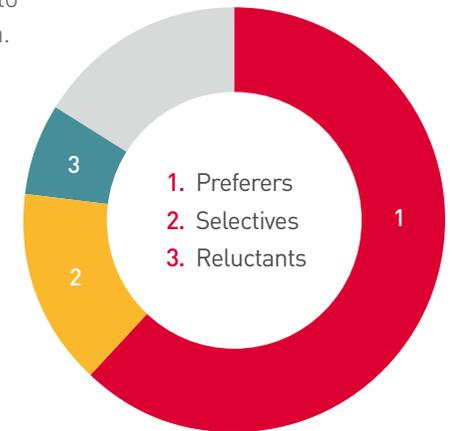


of selectives  
will sign-up



of reluctants  
will sign-up

#### TOTAL POPULATION:



#### PROMOTING PAYS OFF

"We find being able to use the extra incentive of the prize draw and donation to our charity of the year really helps staff promote the benefits of Direct Debit and provides a real incentive for customers to set up a new Direct Debit Instruction."

STOCKPORT HOMES



## GETTING CUSTOMERS TO SIGN-UP

### PAPERLESS SIGN-UP

Paperless Direct Debit enables organisations to sign-up customers for Direct Debit collections for example over the telephone, Internet, telephone keypad, face-to-face or by interactive TV. As with any other sign-up process, make it as clear and simple as you possibly can with help and support links (and ideally a phone number) at every stage. Ensure you stress that the process is safe and secure and always acknowledge the receipt of the completed form immediately.

**Visit the [Bacs website](#) for further information**

### SIGNING-UP BY POST

If you want your customer to sign-up by post, make sure the instructions for completing the form are clear and obvious. Don't make the type too small and use black text on a light background for optimum legibility. Include a reply envelope, if you can, preferably one with pre-paid postage. Make it as easy as possible for your customers by offering online or phone sign-up too.

### SUPPORT AND HELP THEM ALL THE WAY

If you have a telephone helpline, an online help resource, or FAQ section on your website then include Direct Debit information to support the customer sign-up process.

## IS YOUR CAMPAIGN WORKING?

To measure your campaign's performance effectively, you should consider how you'll do this before the campaign starts. This means agreeing on key performance indicators (KPIs) up front. This allows you to clearly benchmark your activity and feed your findings into each new campaign and its associated business case.

- **Setting key performance indicators**
- **Tracking response**
- **Analysing return on investment**

[Read more about each of the above](#)

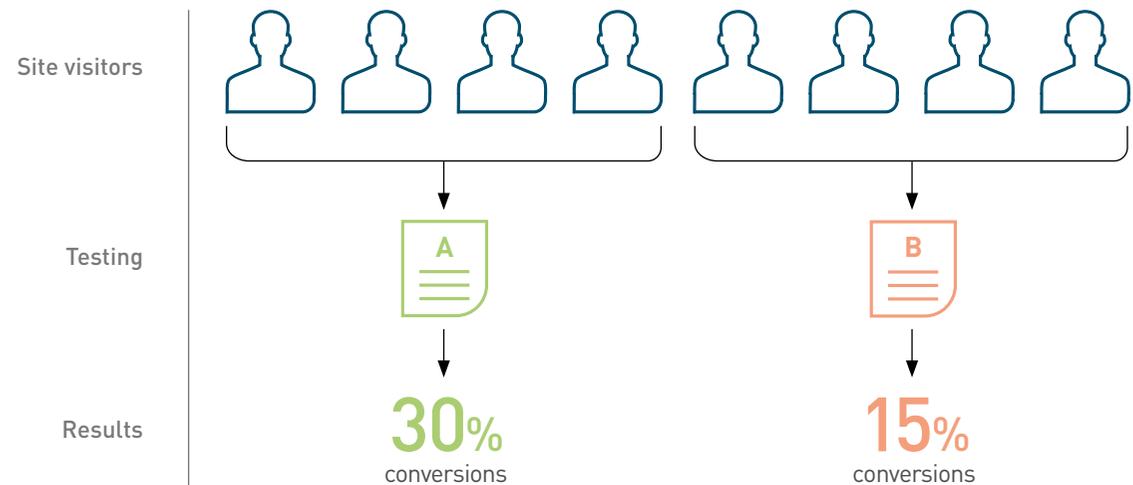


### BEST PRACTICE TIP

#### CONSIDER AB TESTING

To optimise your marketing spend, it is a good idea to test which marketing materials and / or messages are most effective. This can inform future marketing activity. AB testing can be used to do this. Small differences in a marketing campaign can influence a customer's response. This might be the subject line of an email, the headline for a banner advert, or the layout of a web page. The idea is to run two (or more) variations of the campaign within different groups of customers to see which version is the most successful. You can repeat the tests numerous times to fine-tune your content. Ideally you would test one element at a time to be clear about what is and isn't working.

#### AB TESTING DIAGRAM



# IS YOUR CAMPAIGN WORKING?

## SETTING KEY PERFORMANCE INDICATORS

Examples of the KPIs you can use include:

- **Reach:** if you are offering Direct Debit to your customers for the first time or are changing how you offer Direct Debit to your customers (for example offering “any day” Direct Debit), a goal may be to reach as many of your customer base as possible or a particular segment of your customer base.
- **Act: Sign-up numbers:** the percentage increase or quantity of new Direct Debit sign-ups received during your campaign activity compared with pre and post campaign or compared to a previous campaign.
- **Convert: Cost-per sign-up:** calculate how much each sign-up is costing you, based on the number of sign-ups versus how much you have spent on your marketing campaign.
- **Engage: Response rates:** these can be measured for all the media you employ to support your campaign. Digital media can be easily tracked to show how many people interacted with your message, with metrics such as click-through and open rates.

## TRACKING RESPONSE

To gather as much useful data about your campaign’s performance as possible, it’s important to track response accurately. In this way you can easily identify which of your marketing channels are working most effectively. Most online systems can do this easily and in printed media it could be as simple as adding a reference number to a leaflet or response form.

Softer measures, such as asking your customers how or where they heard about your Direct Debit campaign and why they are changing to that form of payment, should not be forgotten.

## ANALYSING RETURN ON INVESTMENT

It’s important to get a clear picture of how much each conversion to Direct Debit cost you – ideally broken down by each channel used – and analyse how the uplift positively impacts on your organisation’s broader costs and efficiencies. This data can be invaluable when you’re building a business case for further marketing investment.



Bacs is owned and operated by leading retail payments authority Pay.UK, the company responsible for Faster Payments and cheques, as well as related services such as mobile app Paym, the Current Account Switch Service, and many others.

For further information visit [www.wearepay.uk](http://www.wearepay.uk)

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