

Institute of Credit Management Consulting White Paper

'Paperless Direct Debit & Automated Direct Debit Instruction System' (PDD & AUDDIS)

Institute of Credit Management Methodology

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**Institute of Credit Management
Consulting – Whitepaper**

AUDDIS and Paperless Direct Debit

Overview of AUDDIS and Benefits
(Automatic Direct Debit Instruction System)

AUDDIS enables organisations to send new Direct Debit Instructions to their customers' bank electronically, instead of in paper format. With AUDDIS, the organisation keeps the original signed Instruction and electronically sends the details to the customers' bank to validate and, if accepted, set up the Instruction on its database.

By automating the exchange of Instruction details between organisations and banks, manual handling is reduced leading to fewer errors. Instruction details are processed faster and more efficiently, eliminating the need for the customer's bank to re-key the details.

Any invalid Instructions rejected by the paying banks and building societies are returned via the BACs service

Service users who wish to use the Paperless Direct Debit service must become AUDDIS compliant first.

Overview of PDD and Benefits
(Paperless Direct Debit)

PDD allows organisations to collect by Direct Debit without the need for their customers to sign a paper Direct debit Instruction (DDI). The PDD service offers the following ways to sign customers up to pay by Direct Debit:

- Telephone
- Internet
- Telephone keypad
- Face-to-face
- Interactive TV

A Paperless Direct Debit service user lodges a Direct Debit Instruction with a customer's bank electronically using AUDDIS, once it has collected the customer's details using one of the methods above.

Benefits of Paperless Direct Debit

- Improved Customer satisfaction by offering multiple ways of setting up Direct Debit instructions
- Reduction in paperwork, delay and postage costs associated with setting up Direct Debits
- By applying modulus checking at point of sale (mandatory for Paperless Direct Debit originators) you can ensure that your customer's bank account details are taken more accurately, therefore eliminating time, the cost associated with rework and fraud.
- The collections process can commence earlier, as it eliminates the need to wait for the customer to complete, sign and return the Direct Debit Instruction

A high level implementation plan is detailed below, this is not a definitive list, for full details of how to become AUDDIS and/or PDD enabled contact your sponsoring bank or review the Service Users' Guide and Rules to the Direct Debit scheme on the BACs website.

AUDDIS

- Complete and submit an AUDDIS application form.
- Contact your bank to discuss implementation date
- Review mandatory requirements to become AUDDIS enabled
- Make the necessary changes to Finance systems, including software, to accept the new submission and message format. (This step can be timely dependent on your internal system change request Process)
- Complete the AUDDIS testing procedures.
- AUDDIS enabled, from this point paper Direct Debit Instructions cannot be accepted

Paperless Direct Debit

- AUDDIS is a pre-requisite of PDD so you must have a live AUDDIS status before using the Paperless Direct Debit service
- Complete a separate Paperless Direct Debit application form issued by your bank.
- There are requirements that your bank will require you to meet for AUDDIS and Paperless Direct Debit prior to an application being signed off for live running e.g. vetting criteria which will include technical, financial checks (refer to the Service User's guides for full requirements)
- Make the necessary changes to your systems (Including your Intranet or whichever paperless method you wish to use) to incorporate Paperless Direct Debit requirements.

- Prepare an AUDDIS migration plan if applicable, detailing the various BACs test requirements.
- All Paperless Direct Debit material must be approved by your bank, including scripts, confirmation letters, Internet screens and any other material prior to use. Any subsequent changes to documentation, scripts must be approved by your bank prior to use.
- Training the Business users is imperative for a smooth transition to Paperless Direct debit scheme
- Ensure the appropriate controls and measures are in place to establish the level of service.

The ICM Consulting Methodology

The ICMs approach is to enable you as an organisation to deliver AUDDIS/Paperless Direct Debit internally offering our expertise and guidance throughout the implementation. Our toolkit will:

- Provide a Project Plan, which can be tailored to your Organisation
- Provide a check list for each stage
- Simplify the mandatory requirements for both AUDDIS and PDD
- Make recommendations to meet the requirements, for example a unique reference number is required for each customer that has a Direct Debit instruction.
- Provide templates for mandatory letters and scripts
- Detail controls and measures

For more information and to discuss how the ICM can assist you in developing and implementing Paperless Direct Debit & AUDDIS for your business please contact qicm@icm.org.uk

Document Ends

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