

15 April 2014

Dear Brother & Sister Clerks,

Back in January I canvassed all Clerks asking for any first-hand experience of third party direct debit providers used to collect recurring quarterage payments from Members.

A few companies responded with information on using such companies but many of you experience the same difficulties we do, and asked for feedback on our quest to launch such a service which we have now undertaken. I am now in a position to report back to you.

To recap, the major banks will not extend direct debit access to smaller companies although many liveries are 'grandfathered in'. Typically new DDR applicants must have a multi-million pound turnover. Standing orders are a nightmare for Clerks when the rates change as all members are required to make their own mandate amendments with their banks. For this reason we have only increased quarterage by a larger amount every 3 years to ease the burden. This is not ideal and creates budgeting issues.

We have launched our direct debit collections with GoCardless.com, which is fair to say is only one of several providers; various Liveries use Direct Debit Solutions (RBS), Rapid Data and Eazipay Ltd.

GoCardless is a UK registered company located in the City. Incorporated in 2011, the share capital is £2.8m and the shareholders appear to be Venture Capital funds. There is a charge of deposit with RBS indicating that the processing may be through that bank. The collections are covered by the Direct Debit Guarantee against errors by each paying bank and GoCardless.com is regulated by the FCA.

The service is operated entirely on line by both the Client (Livery Company) and its customers (Members). Email is used for mandate authorisation requests and payment notices so the service cannot be used by non-internet Members. All parties open accounts with secure usernames and passwords, the Client management is a rather slick 'dashboard' where payment plans are created, customers are enrolled, authorisation requests and reminders are issued, collections and pay-outs are recorded.

Operating costs are very attractive. The collection fee is 1% of the amount collected but transactions are capped at £2.00. A Member paying an annual quarterage north of £200 therefore will cost just £2.00. There is no joining fee, no monthly subscriptions, and no other charges of any kind.

In the past we have allowed only quarterly or annual standing orders. With DDRs it is possible to offer monthly, quarterly, semi-annually or annually to our Members without additional bookkeeping. This is how the system works:

- Open a GoCardless account. Create whatever payment plans you need: e.g. Liveryman monthly, Liveryman quarterly, Freeman quarterly, etc. and choose a collection day of the month. I have 15 plans although some have not been taken up. www.gocardless.co.uk
- Then you will need to ascertain from Members by questionnaire whether they are willing to switch to DDR, and what payment frequency plan they prefer. So far I have signed up 93 on DDRs, 49 remain on cheques or STOs including the 'snail-mailers'. For new admissions DDRs will be compulsory but we don't believe you can't impose it on existing Members.
- Using the customer screen enter Member's name, email address and add to the requested payment plan from a drop down menu. Once submitted this immediately issues an email request to the Member to click a link, open an account and authorise the requested mandate.
- The Client (Clerk) is notified by email when authorisation is complete, customer moves from the pending to the active screen. 3 days before collection is due the customer is sent an email notice, this is partly out of courtesy and partly to ensure funds are available.
- Collections when made show up in the collections screen of the dashboard showing gross amount, fee and amount to be paid out to Client. Failures are notified to Client for follow up.
- Cash is received into Client's bank in 3 working days; pay-outs appear in the pay-outs screen on the dashboard.

- Transfers to Client are notified by e-mail and statements are issued monthly.

It is possible to export a spreadsheet of the data in the dashboard at any time. Data such as an active Members' list, collections list, pay-outs list. Fees are totalled for accounting purposes.

The transition from STOs to DDRs has created a large one time mess to be cleaned up. Numerous members signed up for a DDR but did not cancel their STO either at all or in time. They therefore paid twice and will need to be refunded.

The launch of our DDRs coincided with a quarterage increase, many members just simply failed to respond to the questionnaire and chase ups leading to existing STOs underpaying in the first quarter. Once all these errors are rectified it should be plain sailing.

GoCardless is successfully used by the Haberdashers' Co., and the Shipwrights' Co. also major firms such as Greater Anglia Railways. They offer free demos and webinars and so far their technical support has been excellent both by phone and e-mail.

I have attached a PDF of various screen dumps of the GoCardless 'dashboard' used to manage the account.

One last point! Once your customers are enrolled and have authorised a DDR, you can in fact also collect one-off payments such as for dinners (with their permission of course). We have no plan to utilise this facility at present as it may result in extra work for the Clerk, although it may be less than processing cheques. Recurring payments on the other hand are fully automatic with only the odd failed collection to sort out. I would be happy to answer any questions.

Finally, they have an incentive which benefits both the adopter and the recommender!

Interested in simple Direct Debit for your business? We're using GoCardless to manage our payments. Sign up with my invite link and you'll get £50 credit towards your fees.

https://gocardless.com/?r=C47BXCTM&utm_source=website&utm_medium=email&utm_campaign=referral_scheme_50

David Barrett. Clerk, Makers of Playing Cards Co.