

Newsletter 12 from Minto Consultancy.

Firstly, please note the change to some of my contact details outlined at the end of this document.

Direct Credit

For a change I wanted to start this newsletter expressing my concerns regarding the security within the Direct Credit service.

The volumes of Direct Credit payments made during the last 12 months have increased by a significant 27%.

Although the 'headline' is impressive this is substantially down to the Government e payment initiatives (pensions etc) and does hide the lack of significant improvement in the business to business payment volumes.

My concern, which has been confirmed on a number of occasions recently, is that businesses are still worried about the checking processes that take place within the banking industry.

There are 2 specific examples where I believe that more support is required from the banking fraternity.

1). Currently the originator is asked to include details of the payees sort code, account number **and account name** on a BACS payment.

If the sort code and account number are valid but not necessarily correct there **is no additional cross check to confirm the account name.**

In view of this if you transmitted a payment with incorrect but valid bank details together with the correct payee name the monies are likely to be credited to an **incorrect account.**

The banks will claim that they have processed the payment correctly within their own rules and both you and your customer will be out of pocket unless the monies can be reclaimed from the ultimate recipient.

The banks cannot automatically debit this account without authority from the account holder.

2). A similar situation will occur if the banks reallocate an account number to a different person or business. This could be done as little as 6 months after the closure of an account.

Again, through no fault of your business a payment could be redirected into an incorrect account.

There is no UK case law on these 2 situations but my belief is that if the payer has the courage to 'press' the banks on this an 'out of court' is likely to be offered.

My concern here though is that there should be checks in place **already** to protect YOU as payers and users of the system.

At the very least shouldn't a bank be able to differentiate from a personal and a business account?

Also shouldn't they be examining 'out of the ordinary' payments going to a personal account?

If you were unaware of this situation or were aware and have had no adequate response from your bankers let me know and I will take this up on your behalf.

Less than 9 months to go.....

Yes, I'm still talking about the BACSTEL -IP development! December 31 2005 is the 'drop dead' date when everyone who inputs directly to BACS for Direct Debiting or Direct Crediting **MUST** migrate to the new service.

For originators who receive electronic ADDACS advices (X400 messages) **the official line** is that these will be 'turned off' on **31 March 2005** and originators who do not migrate to IP by 31 March will revert to paper advices.

It is recognised by the industry that some businesses may not achieve the 31 March deadline and contingency arrangements are being put into place to ensure that electronic reports are continued for a further period.

Those of you who receive advice of automated unpaid Direct Debits from your bank will be unaffected but will receive this automatically through the IP service.

It seems logical therefore that you cancel the bank service (which you pay for!) and utilise the IP service instead.

I have to say that I am amazed at the numbers of large originators who still have to migrate and also those who are still unaware of the critical dates. BACS figures at the time of writing show a little over 30% have migrated!!

PLEASE, do not leave this to the last moment. You may well find out that resources both internally and at BACS, the banks and the software suppliers may be stretched as the deadlines approach.

If you need practical help or further advice please contact me.

Life after BACSTEL –IP

I am delighted to see that many of you have already migrated to the new service and I trust that you are now seeing some of the benefits of further automation and increased security.

New developments bring new challenges and it isn't always possible to think of everything when a new service is introduced.

Maybe it's time to look again at your BACS processes and procedures to see whether further efficiencies could be gained.

- Are your levels of unpaid Direct Debits higher than you would like?
- Are you sending the most appropriate communications to your customers when you receive an unpaid Direct Debit or ADDACS advice?
- Are you using BACS IP to the fullest advantage
- Are you making best use of the internet and telephone when 'signing up' new customers?
- Is there a training need for 'front line' staff to make them even more confident when speaking to customers regarding Direct Debits or BACS payments

Why not see how my 15 years experience with BACS issues could help your business.

For instance, Direct Debit training based on your own requirements could be available for less than £50 per attendee - and all at your own premises!

AUDDIS

Many of you may think that this is 'old news' but the figures show that many originators still do not use this service.

When it was launched almost 8 years ago there was no compulsion to join but I sense that the banking industry is now looking at this again.

My feeling is that they may 'pressurise' remaining originators to move to AUDDIS in order to eliminate paper DDIs being sent to the banks.

If you want to jump before you are pushed please contact me to find out how this can be completed with minimum fuss and inconvenience

An opportunity?

I specialise in electronic payments, but I also have links with another specialist banking consultancy which works in the following areas

- Checking bank interest and recovering overcharges, usually on the basis of no savings, no fee
- Renegotiating bank charges tariffs and merchant services tariffs, again usually on the basis of no savings, no fee.
- Advice on tenders from scoping and preparation through to evaluation

They will also intervene actively to resolve banking disputes, and have considerable experience in acting as expert witnesses where a case may come to court.

Thank you for taking the time to read this.

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