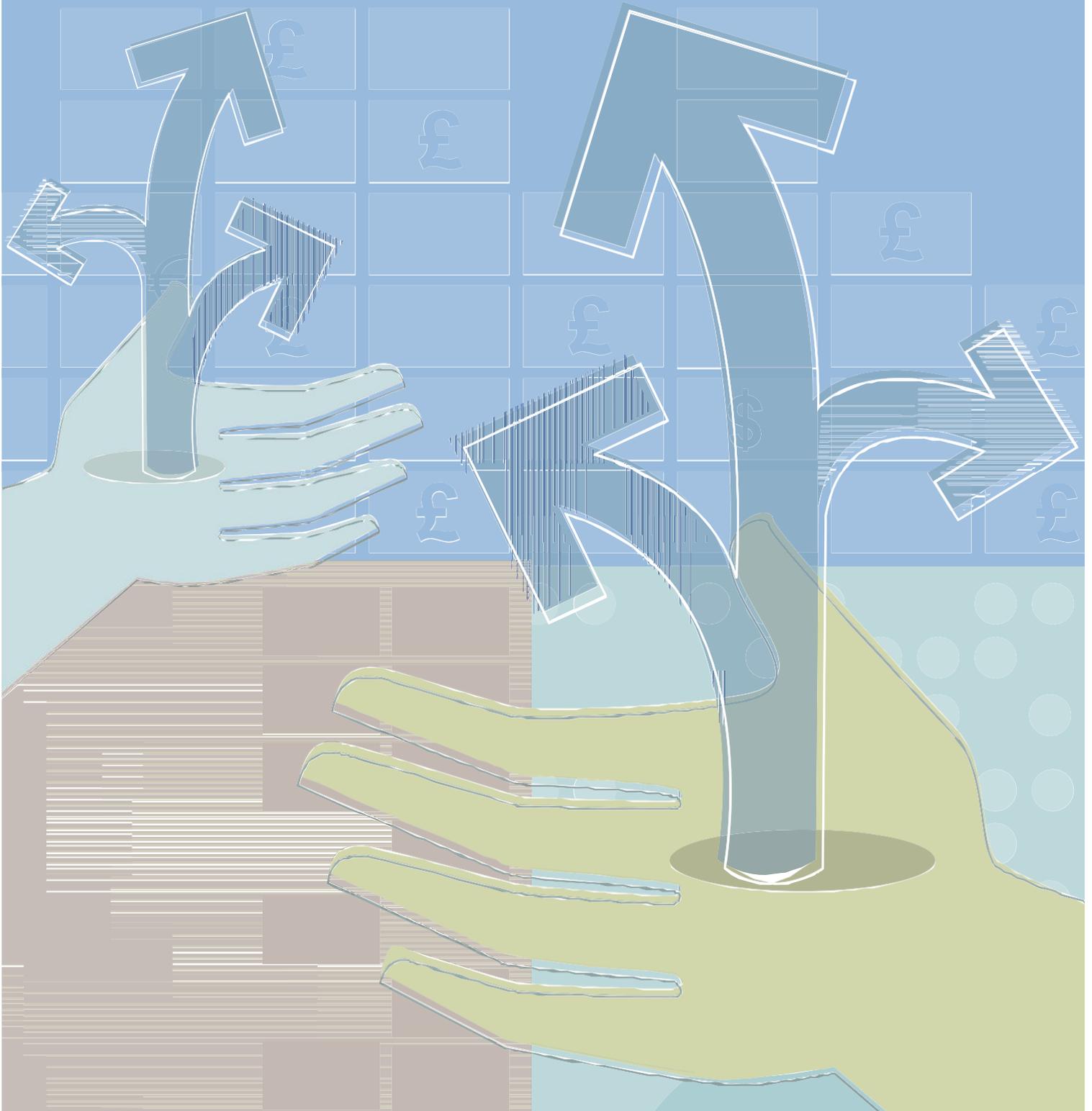


Direct Debiting
Fast, automated payment collection
to aid business planning



Automating your collection of payments





Direct Debiting ensures a fast, efficient and accurate means of collecting payments to provide greater certainty and aid business planning.

The Royal Bank of Scotland helps a wide range of organisations to automate their collection of payments.

Make it happen.

Automated collection

The Direct Debiting scheme provides an easy and efficient way of collecting UK sterling payments directly from your customers' bank accounts through the BACS electronic funds transfer system.

Many organisations and companies use Direct Debiting and these include public utilities, financial institutions, retailers, local and national societies and associations with sizeable memberships. What unites them all is the need to collect a significant number of payments.

A variety of payments

Direct Debiting can be used to collect commercial bills, loan and hire purchase repayments, rents, leasing payments, subscriptions, professional fees and maintenance agreements. Whatever payments you wish to collect, The Royal Bank of Scotland can help you set up and run Direct Debiting as well as providing ongoing support and guidance in line with your changing requirements.

With the help of the Royal Bank your organisation can join the Direct Debiting scheme quickly and simply. The Bank can also provide long-term support and guidance in order to ensure that the payment collection meets your organisation's requirements in the future.

The benefits of Direct Debiting

The predictable timing and assured receipt of payments help organisations to control their cash flow, reduce administration and cut costs.

Controlling cash flow

Direct Debiting provides greater control over the timing of funds credited to your organisation's accounts. It enables you to know in advance when an account will be credited with cleared funds.

Cutting costs

Once a Direct Debit is set up, payment is automatic, saving you the cost in time and money of sending reminders and pursuing late payment.

Reducing administration

By introducing simplified ledger update procedures, reconciliation time can be kept to a minimum.

Increasing accounting efficiency

Unpaid transactions are promptly returned by the payer's bank which also provides full details including the reason for the return. As a result, you will be able to rapidly identify and take action in response to any problem payers.

Maintaining records

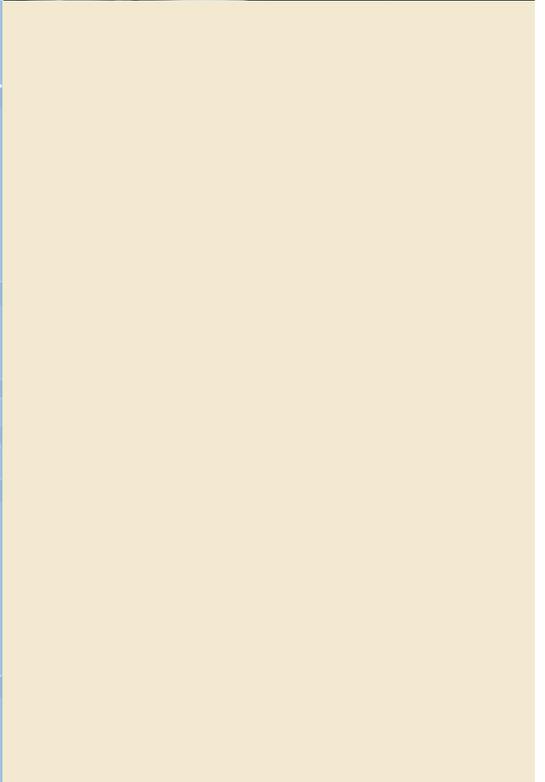
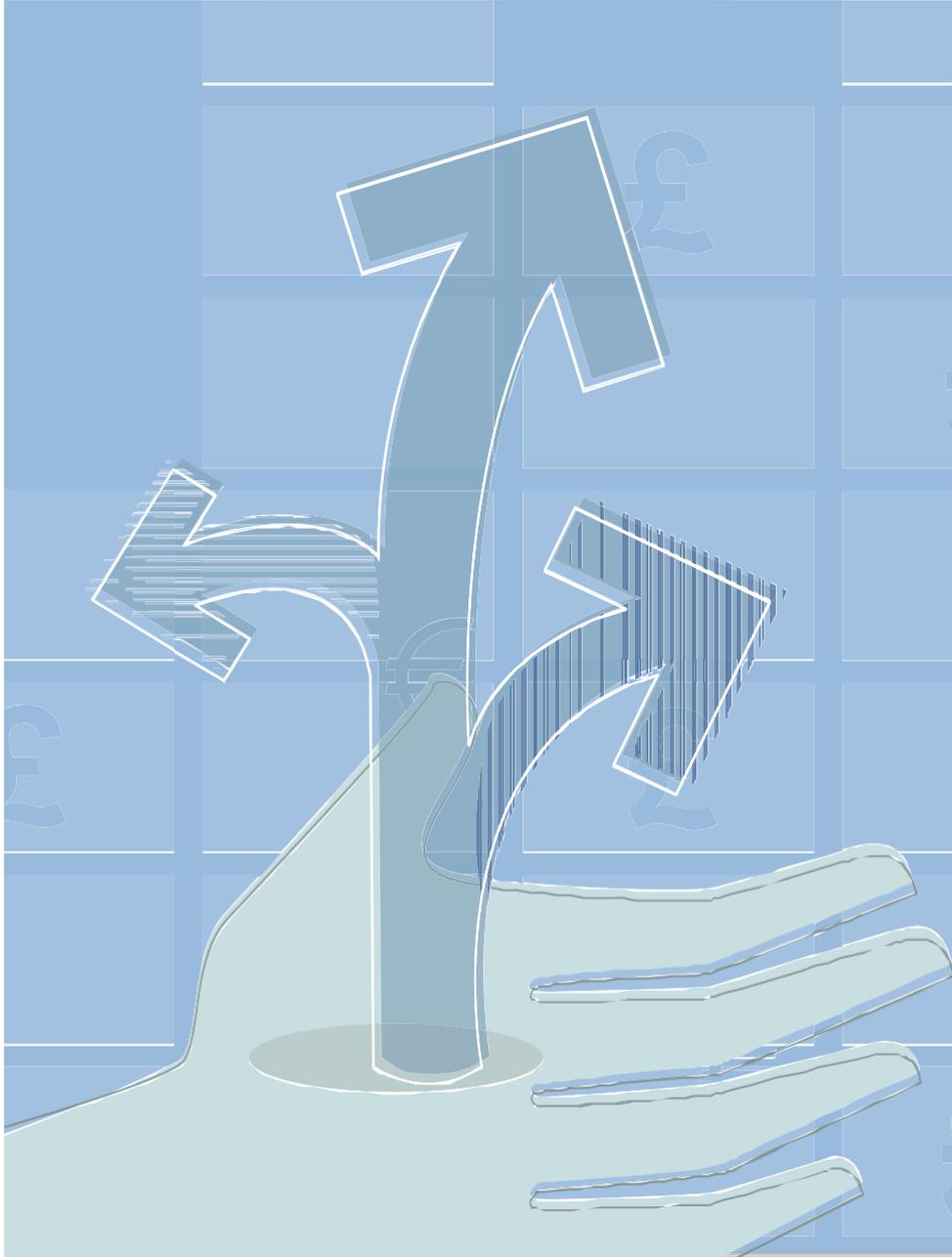
Computerised record-keeping provides the means to monitor and control payments efficiently. A streamlined procedure ensures that your organisation is told of any Direct Debit amendments and cancellations which affect payers.

Improving control and security

BACS provides a full audit report confirming the total value and number of items processed, together with the details of any transactions that have been rejected because of invalid data.

Greater flexibility and convenience

Variable Direct Debit instructions eliminate the need to obtain a new authority each time your organisation needs to change the amount or date of payment. The payer must be made aware of the new or amended details.





How Direct Debiting works

Using your office PC and a BACSTEL-IP link ensure Direct Debiting is fast, efficient and secure.

Directing payments from account to account

As a user of the Direct Debiting scheme you can simply and efficiently collect payments agreed between you and the payer. These payments can be collected from accounts held at branches of the clearing banks and the major building societies in the UK.

Tailoring payment instructions

Arrangements can be made to collect payments at regular or irregular intervals. In addition the amounts can be fixed for a specific period, as in collecting subscriptions – or varied from payment to payment where the collection is required for commercial billing.

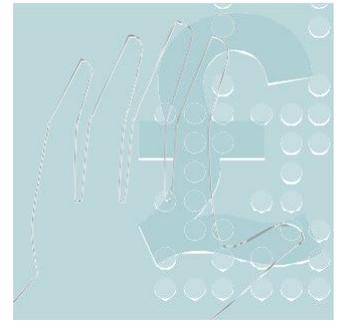
Automated collection

Once a signed instruction has been obtained from the payer and lodged with their bank or building society, the payer's account information is entered into your organisation's computer system. Direct Debits can then be created for collection through BACS.

Inputting data

Direct Debits are submitted straight from your organisation's computer to BACS by BACSTEL-IP, an Internet Protocol (IP) based way of accessing the BACS services. With BACSTEL-IP you will be able to input Direct Debit files, monitor the status of payments and receive a wide range of reports quickly, efficiently and securely online.





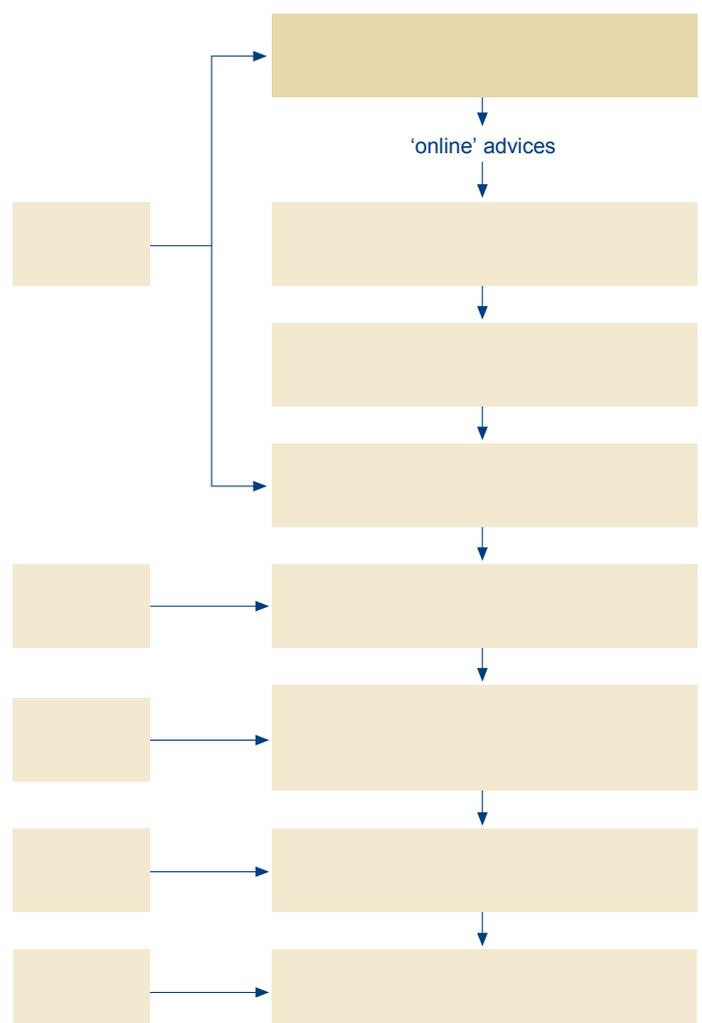
The three-day payment cycle

The three-day payment cycle is an essential component of the high quality service delivered by the Direct Debiting scheme.

Payments are processed over a three-day period. The deadline for the receipt of data at the BACS main centre in London is 22.30 on the first day. The data is then sorted and dispatched to the relevant banks or building societies to allow payments to be debited from your payers' accounts by 09.30 on the third day. A corresponding credit for the total debits processed through BACS is also applied to your organisation's account on the third day.

The banks and building societies will return any unpaid debits on the third day. BACS will then advise you electronically on the fourth day detailing the unpaids that are due to be applied to your organisation's account on the fifth day. In exceptional circumstances debits may be returned on the fourth day, which adds another day to the process.

The chart illustrates the BACS payment cycle. Please note that this always excludes Saturdays, Sundays and English Bank Holidays.





The requirements of the scheme

Sponsorship, indemnities and guarantees ensure that Direct Debiting operates smoothly to benefit both organisations and payers.

Sponsorship

In order to be accepted into the Direct Debiting scheme, your organisation must have an authorised sponsor such as The Royal Bank of Scotland. In order to support your application, we need to be certain that your organisation meets the legal, administrative and financial requirements of the scheme.

Since Direct Debiting is solely a means of collecting payments, we are not responsible for any underlying contract which your organisation may have with individual payers.

Indemnity

Each organisation participating in the scheme is required to sign a standard indemnity. This protects the banks and building societies in the event of your organisation collecting incorrect payments from payers' accounts.

Direct Debit guarantee

Customers are protected by the terms of the guarantee which all organisations must issue to their payers on behalf of the banks and building societies participating in the scheme.





Complementary services

A number of additional services are available to improve the efficiency and accuracy of setting up and processing Direct Debits.

ADDACS

From time to time you may be notified of changes to your payers' details. This is done via the Automated Direct Debit Amendment and Cancellation Service (ADDACS) which enables you to receive amendments and cancellations from the paying banks in a consolidated and consistent way, via BACSTEL-IP.

AUDDIS

The Automated Direct Debit Instruction Service (AUDDIS) is designed to improve the efficiency and accuracy in processing Direct Debit instructions. AUDDIS enables you to send Direct Debit instructions to your customers' bank electronically via BACS.

Paperless Direct Debits

By becoming a Paperless Direct Debit originator you can sign customers up to the service over the phone or the Internet – there's no need to fill in a paper instruction. It's quicker and easier for both you and your customers. So everybody stands to gain.

Direct Debit Solutions

Organisations that require accurate and highly controlled collections of payments – but lack the necessary computer facilities to use BACSTEL-IP, can take advantage of the Royal Bank's Direct Debit Solutions service.

The Bank can use its computers to maintain records of all your regular payers and to collect payments on behalf of your organisation. It can also provide comprehensive lists of all the payments requested.



Support and equipment

The Royal Bank has the skills and expertise to ensure that your Direct Debiting operation is established quickly and efficiently.

Support

The Royal Bank can provide all the necessary information and guidance to help you set up Direct Debiting, from developing the initial concept to finally testing your computer system. Assistance can also be given in preparing the supporting documents to enable your clients to be established as Direct Debit payers.

The equipment needed

Almost any computer system, including a small personal computer, can be used to collect Direct Debit payments using BACSTEL-IP. The Royal Bank of Scotland will provide details of a software supplier(s) most appropriate to your organisation's needs.



Next steps

If you would like more information on the Direct Debiting service, please contact your relationship manager.

www.rbs.co.uk

