

A Beginners Guide to Recurring Payments





If you regularly take payments from your customers on a weekly, biweekly or monthly basis, setting up a recurring payment plan will allow you to collect these payments automatically. Whether it's a regular subscription fee for content, charitable donations or membership fees for a club, recurring payments can be an easy way to collect customer payments.

However, one should take the time to assess all the pros and cons when choosing between a recurring payment plan and a Direct Debit scheme. Direct Debit is the most recognised and trusted method for businesses of all shapes and sizes, but there might be certain circumstances where recurring payments is the preferred option. Let's take a closer look...

HOW EASY IS IT TO SET UP RECURRING PAYMENTS?

Very easy. All you need from your customers are their debit or credit card details. With London & Zurich, you'll simply need to answer a few basic questions about your business and we can start collecting your payments and paying them into your account. We can also keep your customers' card details on file for instant setup if they return to your service.

HOW DOES THE RECURRING PAYMENTS PROCESS WORK?

Setting up recurring payments gives your business the flexibility to create as many different subscription plans as you need. This allows you to customise the intervals when your customers are charged. This could be weekly, monthly or even biannually. You can also offer different pricing tiers to meet the needs of your customers and your business.

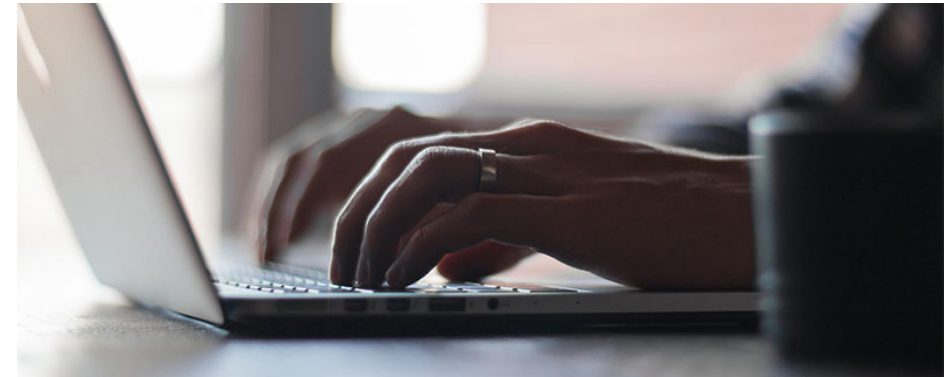
WHAT IS THE COST OF RECURRING PAYMENTS?

When choosing a recurring payment provider, it's essential you consider the costs carefully. Some providers may try to lure you in by offering low transaction costs, only to hit you elsewhere. When comparing the costs of different providers, you should consider the setup costs, the transaction costs and the admin costs. Only when you've factored in the cost of all three will you be in a position to make a fair comparison.

HOW CAN RECURRING PAYMENTS MAXIMISE YOUR CONVERSIONS?

Accepting on-site payments can play an important part in increasing your conversion rates. Redirecting customers to a different site to make a card payment can detrimentally impact your conversion rate. Not only does this make the payment process longer and slower, but it also raises more questions in the minds of customers about payment security.

By having a payment page embedded on your site, or by taking payments directly on your website, you can increase your conversions by up to 10%. To accept on-site payments you will need an SSL certificate and compliance with certain legal and technical requirements.



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HOW LONG DOES IT TAKE FOR FUNDS TO CLEAR?

This depends on the payment type and the provider. Direct Debit payments typically take slightly longer to clear, so if you want to ship goods immediately upon payment confirmation, credit card payments could provide the shorter turnaround times you need. However, card payments are not protected by the Direct Debit Guarantee, so if a mistake is made, it can be more difficult for your customers to reclaim any payments that have been taken in error. With Direct Debit, your customers will have the peace of mind that they'll receive a full and immediate refund.

WHAT LEVEL OF SUPPORT SHOULD YOU LOOK FOR?

You need a provider who offers some form of email or telephone support for assistance when dealing with chargebacks or in the case of disputes. If you're planning to collect payments from outside the UK, you should also look for a provider that operates internationally and can accept payments in different currencies.

A WORD OF CAUTION

On the face of it, it might seem an easier option, but there are some important things to consider when weighing up the viability of a recurring payment plan. For example, it can be difficult to cancel a recurring card payment, whereas Direct Debit gives your customers the right to cancel at any time, which can be an important factor when making their purchasing decision.

There's a good reason why Direct Debit is the UK's most popular method of collecting regular payments. It offers a level of security and safeguards that recurring card payments do not. Consumer confidence is everything, so it's our belief that Direct Debit should be the preferred option in most instances.



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