

# Simplifying the collection of credit and debit card instalments: The Recurring Card Payment System

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White Paper  
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Universities are now, more than ever, under pressure to deliver higher levels of customer service when it comes to dealing with their students and customers. A fundamental element of this is the requirement to improve the mechanisms for receiving payments, whilst improving cash flow, and reducing administrative time and costs associated with the collection process.

Additionally the need to cater for those payers which are outside the UK and EU which are paying the full fee as well as those which are unable to pay on anything other than credit cards lends additional weight to the requirement of being able to take instalments by recurring card payments.



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## THE HISTORICAL CHALLENGES OF PROCESSING CARD INSTALMENTS

Universities looking to provide a solution to collect instalment payments, for fees or other services, have historically faced several significant hurdles. These combined have in the past often served to make this an unattractive proposition.

### Payment Set Up & Management

The set up of payments and ongoing management have typically been a completely manual process. This starts from asking payers to fill out a paper form that they need to send by post, through to piles of paper containing the individual payment details.

In cases where this has been electronically stored, this is often in a spreadsheet, and the data is usually not encrypted.\*

Any updates to payment details are then manually carried out either on the paper or electronic record.

*\*Please note: With the advent of the Payment Card Industry Data Security Standard it is no longer permissible for a merchant to store sensitive cardholder data in an unencrypted format.*

### Processing Payments

The majority of institutions that have chosen to process instalments using card payments have traditionally implemented a completely manual process for processing each instalment. This physically requires a permanent, or temporary, member of staff to key in each card number, expiry date, amount etc. into a card terminal. Not only is this potentially extremely time intensive, depending on the payment volume, but errors in terms of data entry can significantly increase the amount of failed payments.

Where an interface of some description has been available to batch upload payments there is still typically a manual exercise involved in migrating data from the finance or student record system and double-checking the instalment values before the file is submitted.

In both cases expired or cancelled cards, and payment failures, need to be manually dealt with. Successful transactions also then need to be manually entered into the finance or student record system to allow the debt to be cleared.

### Cardholder Data Security Risks

The storage of cardholder data, in both the paper and electronic formats, pose significant security risks. This could be from someone physically taking a stack of cardholder details through to someone getting hold of a file and, once breaking any password, having access to unencrypted data.

Either scenario makes for unpleasant reading and obviously the risk both in terms of potential financial and reputation loss has persuaded many institutions to avoid it altogether.

### Customer Preference for Direct Debits

Often customers have, or are perceived to have, a preference for Direct Debits as they are seen as being more established than recurring card payments.

### Transaction Costs

Taking payments by card, both debit and credit, are more expensive in terms of transaction fees than using Direct Debits. While this is mitigated, in the case of credit cards, by being able to get the payment in versus the Direct Debit model. In the latter case the payer must have a UK bank account and the funds readily available in that account.

Therefore taking a direct comparison between the transaction costs using recurring card payments and Direct Debits the latter has often been preferable.

## HOW CAN THE RECURRING CARD PAYMENT SYSTEM HELP?

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Meeting security requirements such as PCI DSS is made easy by using the Recurring Card Payment System

The Recurring Card Payment System is a secure, fully managed solution for the processing and management of recurring card payments. This allows the provision of an extremely flexible solution to improve customer service through a fast and secure online payment method.

The system is a PCI DSS Level 1 accredited solution removing any element of risk associated with storing card details from the University.

### Processing Payments

The system processes payments fully automatically, including the generation of an email confirmation and receipt to the payer.

In cases of expired or cancelled cards, and payment failures, the system can automatically notify the payer and retry the payment at a later date.

There is an additional advantage from the payer's perspective in that failed payments will not incur them a charge, as is often the case of failed Direct Debits.

All payments, and payment failures, are reported to the finance, student record, or accommodation system in real-time or through a daily batch file.

### Cardholder Data Security Risks

The system encrypts all sensitive cardholder data and, to further reduce risks, the card number is never displayed to the payer or administrators.

### Customer Preference for Direct Debits

Anecdotally, customer preference has shifted from Direct Debits to recurring card payments over the last several years. This is probably largely due to the advent of both online payments and the shift from a number of utility and other service providers to charge on this basis.

In some cases as many as 70%+ of customers are choosing recurring card payments over Direct Debits when given a choice.\*

\*Please note: This is based on Nottingham Trent University's payment figures for the academic year 2007/08.

### Transaction Costs

Card transaction costs, and especially the online element charged by Payment Service Providers (PSPs), has significantly reduced in recent years. For debit cards the cost may be as low as tens of pence per transaction and for credit cards only marginally higher than processing the transaction through a terminal. The increase in cost of processing the transaction through cards is typically offset by the less administratively intensive process surrounding card. The increased flexibility in terms of being able to collect payment from credit cards also assists in getting payments in quicker and either earning interest, or saving interest on borrowing, as a consequence.

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### One Solution, One Cost

With a single solution comes a single cost. The Recurring Card Payment systems allows for a single set up and implementation cost which can be borne centrally or split across the interested parties. There is no limit on how many users within the University can make use of the system.

The model used to charge for the annual product licence, hosting and maintenance of the product is also a flat fee that allows for easy budgeting with no transactional charges or other limits.

### Minimal Central Support

While there will be a requirement for at least one member of internal staff to be fully trained and conversant with the basic system set up, the rest of the users need to have a much more limited knowledge to achieve product and order administration. Due to the system being hosted and maintained remotely by WPM, there is also no local hardware, software or dedicated staff requirement to ensure the system is available and current.

### Training

The nature of the Recurring Card Payment system and its administration interface provide a number of specific and significant cost-saving benefits. Due to the web-based interface and the use of industry standards for the display and manipulation of data it is very easy even for a first-time user to get to grips with the system. Based on an intuitive design and user feedback, it focuses on providing several logical routes to find data.

The system provides automatically updated online user manuals and guides providing real-time help without the need to refer to an offline manual or help desk.

Full training is also provided both from the system administrator and user perspective; allowing one to focus on system set up and the other on the ongoing administration. The appropriate training tools and aids are also provided to internally train further systems administrators and users as required.

### A Tried, Tested and Constantly Evolving Solution

The Recurring Card Payment system is now entering its fifth year and provides a significant benefit over other generic off-the-shelf solutions with limited functionality, or a bespoke solution that has been specifically developed or implemented for an institution.

The system has been developed in conjunction with and for Universities and is completely focused on fulfilling their requirements. As the requirements evolve, so does the product offering. Due to the licensing model all upgrades are included in the annual fee meaning a clear, transparent and cost-efficient way of ensuring the products applicability for the future.