

Brexit could hit Irish firms' income from direct debits

Irish businesses that use a UK-based payments provider to process direct debits risk interruptions to payments following Brexit in January.

[Banking & Payments Federation Ireland](#) (BPFi) is today (20 November) urging businesses in Ireland, who use a UK based Payment Service Provider (PSP) to process their direct debits, to take all the necessary steps now to ensure the smooth continuation and uninterrupted processing of direct debit payments in January following Brexit.

BPFi has advised over 150 organisations and businesses to take the practical steps that are required by 31 December to protect against consumers' direct debit payments being rejected from 1 January 2021.

"A wide range of businesses in Ireland, from utility companies to membership organisations, use Payment Service Providers (PSPs) based in the UK to process the direct debits of their customers," said Brian Hayes, CEO of BPFi.

"However, when the Brexit transition period ends on 31 December, businesses must ensure that any additional information required is added to the direct debit transactions provided to the UK based PSP so as to ensure the seamless processing of direct debits between the UK and Ireland. The information typically required will be the address of a customer."

Necessary information crucial for payments to go through

Hayes said that it is important firms get ready or they risk an impact to their revenues.

"After 1 January 2021, companies must ensure that the necessary pieces of information are included on their direct debit transactions so as to ensure payments go through, otherwise banks will be left with no alternative but to reject non-compliant transactions.

"Much work has been carried out to date and substantial progress has been made to ensure businesses are preparing for Brexit. Irish banks have been working with businesses and organisations, encouraging them to make the changes that will ensure uninterrupted direct debit flows come 1 January.

"We estimate at this point that over 80pc of impacted transactions meet the new requirements, however our research indicates there is an outstanding volume of direct debits that still do not include the additional information required."

“In recent months BPFi has written to over 150 businesses and organisations, who use a UK based PSP, encouraging them to provide the necessary additional information on their direct debit transactions. In parallel, BPFi and our members have been actively engaged with the relevant UK PSPs to ensure the required engagement with their business customers in Ireland”, said Mr. Hayes.

“We are strongly urging any business who uses services from a UK PSP, to talk to that provider immediately to ensure they are fully compliant with the changes so as to avoid any disruption to their business and customers as a result of payments being rejected from 1 January”, Hayes urged.

In recent weeks, the European Banking Authority issued a statement highlighting the importance of readiness across the banking and payments sector with the ending of the Brexit transition period in sight.

In line with EBA guidance, BPFi and its member banks have worked closely with customers on a range of Brexit related issues including changes to the availability and continuity of payment services from UK based payment service providers. Businesses with any queries and concerns in relation to the upcoming changes should contact their payment service provider.

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