



Beyond the Batch: How Direct Debit is powering the digital payments landscape

Direct Debit can help digitalize your payment flows and offer compelling cost and operational benefits to your business.

Once viewed as a legacy tool, Direct Debit is reemerging as a strategic asset for modern treasury. Digitizing collections through Direct Debit can reduce transaction costs while driving operational efficiency.

The Digital Shift: Reshaping the global payments landscape

Digital innovation has fundamentally transformed payment expectations. Driven by the rise of e-commerce, consumers now demand fast, frictionless checkout experiences, compelling corporate treasurers to modernize their payment strategy. According to a Capgemini Financial Research Institute survey of 200 global payment executives, 77% of the respondents identify e-commerce growth as a catalyst driving the shift to non-cash digital transactions, such as account-to-account (A2A) transfers. This behavioral shift is currently projected to propel global non-cash transaction volumes at a compound annual growth rate (CAGR) of 15% through 2028.¹

Businesses that modernize their payments, actively moving from legacy arrangements to agile payment solutions, should find

themselves better placed to serve their customers, reduce costs, improve operational efficiency, and build a more resilient cash management process.

Beyond consumer convenience, digital payments can deliver substantial operational advantages to businesses, including enhanced transparency,² security, speed, and cost-efficiency.³ Within this ecosystem, Direct Debit has reemerged as an important tool for companies seeking to drive digitalization and cost efficiency in their collections strategies. By enabling automated, pull-based transactions, cash-flow predictability can be optimized and collection costs reduced, while simultaneously delivering a seamless "autopay" type experience for customers. For businesses building digital treasury infrastructure, Direct Debit bridges the gap between back-office efficiency and front-end convenience, potentially making it a perfect fit for today's digital payment landscape.

¹Capgemini World Payments Report 2025

²Based on clearing scheme rules

³Capgemini World Payments Report 2025

Real Benefits: Payments modernization in practice

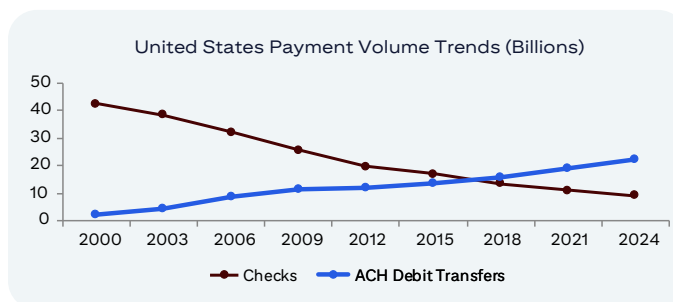
Beyond market-driven consumer demand, many governments, central banks, and regulators worldwide are actively accelerating the transition to digital financial ecosystems and in some markets even making the adoption of digital payments mandatory. Through targeted policies, policymakers aim to promote financial inclusion, transparency, and security while systematically phasing out legacy payments infrastructure such as paper-based instruments. Consumers and regulators are aligned in their mission to digitize payments.

- **Singapore:** Singapore is a leading market for global payments modernization, anchored by a national commitment to digital-first commerce. This vision was captured by Ravi Menon, former Managing Director of the Monetary Authority of Singapore (MAS): "Our vision is to make Singapore an electronic payments society... An e-payments society will be inclusive, innovative, and perhaps, even inspiring."⁴
- **Brazil:** The Central Bank of Brazil launched the Pix digital instant payment network in November 2020. Built for speed, simplicity, and cost efficiency, the network has reshaped the nation's financial landscape to become the dominant payment method.
- **European Union & the UK:** The European Union's Instant Payment Regulation and the UK's Open Banking framework are mandating faster, more secure account-to-account (A2A) transactions, paving the way for next-generation recurring payment models.
- **Middle East & Africa (MEA):** Driven by initiatives such as Saudi Arabia's Vision 2030 and the UAE's National Payment Systems Strategy, regional regulators have set aggressive cashless targets, resulting in a dramatic decline in traditional paper check usage in favor of digital clearing networks.
- **United States:** Over the past two decades, U.S. check volume has declined by nearly 78%, falling from 42 billion transactions in 2000 to just 9.2 billion in 2024.⁵ Simultaneously, ACH debit transfers have grown by more than 960% from 2000 to 2024, demonstrating the shift from legacy payment instruments to digital account-to-account transfers.

Direct Debit: Built to deliver value

Direct Debit is uniquely positioned to digitize and automate enterprise collections. By leveraging a pull-based, account-to-account (A2A) framework driven by pre-authorized mandates, this dependable instrument has reemerged as a strategic tool for modern treasury management.

Figure 1: United States Payment Volume Trends (Billions) from 2000 to 2024



Visual graph created by Citi and based in part upon the data points, information and/or infographic chart on the Federal Reserve Board (FRB) website at [Federal Reserve Board - Federal Reserve Payments Study \(FRPS\)](#)

Direct Debit can deliver three distinct advantages:

1. **Cash-flow control:** Pulling funds directly on the due date mitigates payment delays, minimizes outstanding receivables, and optimizes cash flow forecasting.
2. **Efficient, low-cost collections:** Direct Debit offers a low-cost, flat fee alternative to other collections methods such as card-based payments. By linking directly to bank accounts, it also avoids failed payments caused by lost or expired cards.
3. **Frictionless straight through reconciliation:** By automating the collections lifecycle, Direct Debit enables straight-through processing (STP). This automates payment matching and reconciliation, reducing manual administrative overhead.

Unlocking Efficiency: The innovations reshaping Direct Debit

Once viewed as a batch-processed legacy tool, Direct Debit has been significantly revitalized by modern technology. By integrating real-time APIs, electronic mandates, and structured messaging standards, this proven instrument is starting to operate as an agile, frictionless, and scalable collections engine. These advancements help deliver greater transparency and precise data flows, offering corporates, financial institutions, and fintechs a sophisticated alternative to legacy payment methods.

⁴[Monetary Authority of Singapore: E-Payments](#)

⁵Federal Reserve Payments Study 2024; Federal Reserve Board — Commercial Checks Collected through the Federal Reserve, Annual Data

Direct Debit's digital transformation is driven by three key advancements:

1. **Electronic Mandates (eMandates):** eMandates transition businesses away from manual, paper-based authorizations to digital consent. Avoiding this analogue process offers a completely digital end-to-end Direct Debit solution.
2. **Instant Direct Debit:** Combining the automated convenience of pull-based payments with the speed of real-time settlement, Instant Direct Debit offers a modern, 24/7 collection solution in select markets.⁶
3. **API Integration:** Based on clearing scheme and business case needs, API integration could be a valuable mechanism by replacing file-based exchange with automated, programmatic data exchange. APIs can effectively support automation throughout the lifecycle of payments and enable businesses to scale their **operations with high efficiency**.

Note: There are considerations and functionality that differ by market, e.g., differences related to revocability that should be considered when evaluating a Direct Debit solution.

Direct Debit can drive significant commercial value across a wide range of use cases.

Where Direct Debit Delivers: Industry use cases and commercial value

Direct Debit has established itself as the collection method of choice for modern enterprises, driving significant commercial value across a diverse range of business models:

Direct Debit can unlock value across several key use cases:

- **Utility, telecom, & toll billing:** Direct Debit is well-suited for variable monthly invoices, such as electricity, water, highway toll collections or mobile plans due to its low cost and recurring nature. The solution pulls funds automatically from customer accounts, helping to mitigate payment delays.

- **Real estate & property management:** Direct Debit offers a low-cost solution with full control over cash flow for real estate collections, such as monthly rent payments and maintenance fees allowing companies to directly pull funds from tenants' accounts when payment is due.
- **Loan repayments & debt servicing:** Direct Debit automates the collection of monthly principal and interest payments by pulling funds directly from the borrower's bank account on the scheduled due date. For lenders, this pull-based mechanism minimizes the operational costs of chasing late payments and helps ensure highly predictable cashflows. For borrowers, it provides a frictionless, "set-and-forget" repayment experience.
- **Subscriptions and recurring billing:** From SaaS and e-commerce to traditional insurance, Direct Debit supports a wide range of recurring business models. It offers a low-cost alternative to credit cards while boosting customer retention. For businesses, this translates to automated reconciliation and optimal control over cash flow.
- **B2B commerce:** In B2B commerce, where transaction values are high and margins are tight, Direct Debit offers a low-cost, secure alternative to wires and checks. By automating collections on agreed terms, suppliers can significantly reduce Days Sales Outstanding (DSO) and improve working capital efficiency.
- **Payment intermediaries & digital wallets:** Payment service providers and fintechs leverage Direct Debit as a low-cost channel to fund or "top-up" user wallets. This streamlines the reconciliation of bulk deposits and provides a more economical funding mechanism than traditional card networks.
- **Broker-dealers and virtual asset service providers (VASPs):** By streamlining collections and empowering investors to build their portfolios over time with recurring deposits, Direct Debit offers a low-cost, account-to-account transfer solution with automated reconciliation, making account funding largely effortless.

⁶ Instant Direct Debit is available in an increasing number of markets around the world; recent examples where this has been introduced by the scheme operator include Australia and Brazil.

Working with the right provider

Citi's Direct Debit solutions offer worldwide reach, powered by advanced technology through Citi's global connectivity channels. Backed by our deep global footprint and modern payment infrastructure, we help businesses streamline and optimize their collection processes worldwide.

Contact your Citi representative today to discover how our Direct Debit solutions can modernize your collections, lower operational costs, and enhance cash flow predictability.

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Leveraging Direct Debit has been fundamental to modernizing our collections and creating a more seamless payment experience for our hotel partners. The ability to automate payment collection and reconciliation significantly reduces manual overhead and streamlines both our treasury and accounts receivable operations. As we operate across multiple markets in Europe with Citi, this digital, pull-based system is key to improving our overall efficiency.

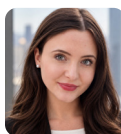
Jim Scurlock
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Contact your Citi representative to learn more about how Direct Debit can help to digitalize your collections.



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