

xero

# How to pay your bills in Xero: A guide to getting started



# How do you manage and pay your bills?

Paying bills has always been a crucial day-to-day task for small businesses. But it can also be manual, time-consuming and stress-inducing.

With one in five UK small businesses telling us that receiving bills in different formats was a pain point, many small businesses are still manually inputting data from a physical or digital bill or are reviewing each bill outside of Xero. Bills can fall through the cracks, damaging relationships with suppliers.

Mismanage your bills and you could end up owing money, with a cash flow hole that's too big to recover from. We recently asked 2,500 small businesses across five regions around the world how they manage and pay their bills and got some interesting insights, including that over a third (36%) of small businesses worry about having enough funds to make payments.

It doesn't have to be that way. Putting in the right tools and processes can help you manage bills more efficiently, and make your cash flow healthier.

And while getting paid is key to generating cash flow, it's just as important to have control and visibility of the money going out, your accounts payable.

This is why having a process which keeps all your paper and online bills in one place, setting you up for a more streamlined accounts payable workflow, is one of the best ways to alleviate this issue.

There are a lot of steps – getting bills into Xero, accurately processing them, paying them and reconciling them – but each stage of the accounts payable process is being digitised and streamlined by Xero.

## **And now our new bill payments solution is making it easier to pay your bills.**

Once you have connected your bank account to Xero, select the GBP bills in Xero you want to pay using direct bank transfer, and authorise the payment directly from your banking app or online banking. Funds are transferred from your bank account to your supplier's bank account by Crezco using open banking.

**You can find the full report, insights and findings on how payments are changing across the world [here](#).**

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# Benefits of paying your bills directly from Xero

Did you know Xero was the first major small business cloud accounting software in the UK with on-platform bill payments using open banking?

In 2023, Xero launched its new embedded [bill payments](#) experience, underpinned by open banking. It gives small businesses a simple way to manage, approve and pay bills without leaving Xero, saving time on everyday administration and manual data input.

Paying bills within Xero allows you to:

- **Pay multiple bills at once:** You can bulk pay GBP bills in a single batch and save time paying each bill separately or exporting a payment file. Schedule bills to be paid at a future date and consolidate bills owed to a single supplier into one convenient payment.
- **Use multi-user approvals to avoid mistakes:** For businesses that have a specific authorisation process; allow employees or an advisor to help prepare bills for payment then handover to you for the final review and payment authentication, so you maintain full control over your bank account.
- **Reduce risk of fraudulent transactions:** Authorise all bill payments you make from Xero using multi-factor authentication (MFA) directly from your banking app or online portal, providing peace of mind that your financial data and money is protected by bank-grade security. In addition, if Confirmation of Payee (CoP) is enabled by your bank or building society, it will ensure your suppliers banking details are verified before any funds leave your bank account.

## Tips for managing bills in Xero

Here are some things to consider before you set up bill payments.

**Are you storing your bills in one place?** You can save time by digitising your bills and storing them directly into Xero. Xero makes it easy for you to enter bills with several methods available to you including via [email](#), [Hubdoc](#), or using other third-party integrations that you can find in the Xero App Store. And with [eInvoicing](#) now available in the UK, you can receive bills directly into Xero when they're sent as an einvoice.

**\*Keep an eye out for the new bills upload feature which will be available for Xero customers in the coming months.**

- **Plan your payment dates in advance.** Add [planned payment dates](#) to bills in Xero to help keep track of due dates.
- **Set up [repeating bills](#)** so you don't have to create them manually. Replicate your last bill from a supplier and then review, add or amend details as necessary.

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# Simple steps to take when setting up bill payments

Ready to get moving on setting up bill payments directly in Xero?

Depending on your bank's payment limits, you can pay up to 200 bills at a time. Payments are limited to GBP and must be made from a UK bank account.

Here are a few simple steps you can take to streamline your bills workflow in Xero, set up online bill payments, and better manage your cash flow.

- 1** Does your bank or building society support open banking? The [number of banks and building societies](#) in the UK that offer open banking is constantly growing.
- 2** Check your bank's [rules and limitations for making open banking payments](#) (Crezco website). Many banks currently only offer bulk payments for corporate accounts and business accounts. If you bank with HSBC, you might need to set up BACS permissions or enable third-party payees in your online banking.
- 3** Ensure you've set up [bank feeds](#). If you have a bank feed set up, you'll be able to reconcile your bill payments by matching them to a single statement line in Xero.
- 4** Add your payees to your online banking contacts and ensure the payee name in Xero matches the name held on the account, otherwise the payment may not be successful.  
  
Note: If you're banking with Santander, Natwest or RBS, it's recommended you add your payee details such as account number, sort code, account name, a reference and the type of account (personal or business) to your online banking contacts.
- 5** Simply [connect your bank in Xero](#) (it takes less than two minutes) to complete the one-time set up; then, the option to pay by direct bank transfer will be available as an additional payment method. There are no monthly subscription fees, only pay when you select direct bank transfer as the payment method.  
Note: You will need to login to your online banking to complete the setup
- 6** Need more info? This [Xero Central page](#) gives a detailed breakdown on how to set up bill payments, as well as how to make and reconcile payments. You can also learn more [here](#).

## What is open banking?

[Open banking](#) lets you securely share your financial data between your bank and a third-party service provider to make payments. Xero has partnered with [Crezco](#), a payment institution that is authorised by the Financial Conduct Authority (FCA) to provide open banking payment services in the UK.

# A quick check-in with Ralph Rogge, CEO and founder of Crezco



## What are the benefits of the embedded bill payments solution with Xero?

Convenience is key. Payments are not a value-added task for small businesses, but a job to be done. Embedding bill payments within Xero allows small businesses to do more with less. An invoice can be raised, approved, paid and automatically reconciled, all from Xero. The benefits are in its simplicity: time is saved, one platform does the job of two, there is great visibility, and doing away with manual data entry, along with automated reconciliation, eliminates human error.

## Do you have any practical tips for small businesses for making payments seamlessly?

- Visibility provides comfort. Being confident in the knowledge that invoices have been approved, paid, or need to be paid, makes actioning the payment easier. Using a single platform like Xero provides this visibility and comfort.
- Within Xero, bills that are due to be paid can be scheduled for payment at future dates. This allows small businesses to complete tasks today ready for action tomorrow in order to avoid ending up with a negative cash flow.

## What do you find exciting about payment technologies trends?

From a technical perspective, the adoption of real-time-payments and open banking will solve many problems, but embedded payments provide the convenience customers want. If we eliminate the pain from making payments, small businesses can focus their time and cognitive efforts on more creative tasks.

## What are the biggest challenges you see for small businesses making payments?

Traditionally, paying bills has been a time-consuming manual process dependent on different platforms and banks. Xero's embedded bill payment solution addresses this exact challenge. Time is saved, errors are reduced, and productivity is increased.

## What is the future for payment technologies around making payments for small businesses

The key is convenience. When Visa launched in the 1950s, it was more convenient than cash, but is now significantly less convenient than the card-on-file checkout experience with Uber today. The changes were iterative. We expect payment technologies like open banking to make similar improvements, allowing small business payments to become equally invisible.

**Are you ready to start paying your bills in Xero?**

[Learn more here](#)

This is a general guide only and isn't advice. As always, please consider your own circumstances and seek advice from your professional advisors as appropriate.



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