Devon Fields Consulting

Building confidence, control and connection in digital payments

By Faith Reynolds

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Foreword

We are living through the largest structural shift in how we pay in the UK in a generation. The implementation of the National Payments Vision is progressing at pace, alongside rapid technological advances in programmable money and agentic payments. For many people, this means more seamless journeys. For many businesses, it unlocks greater efficiencies and opportunities. This report makes the case that this shift could also be transformative for digital inclusion, if we design it right.

The UK has an opportunity to be at the leading edge of how we adapt payments infrastructure to drive growth and opportunity for everyone. And we have form for it.

As Chief Executive of LINK, my focus is on a payment method, cash, which is in decline, but remains critical to millions of consumers. Our work focuses on ensuring it is universally available as a resilient backup to other payment methods. The origins of that work have parallels to the evolving payments system today.

When LINK was created in 1985, no single bank or building society could deliver free access to cash for its customers wherever they travelled in the UK. It required an agreement to share infrastructure, to interoperate on common standards, and to focus on the public interest.

Some forty years later, LINK is still fulfilling that public interest remit. We bring together 28 members, including the major retail banks, to ensure every high street has reliable, free access to cash.

We have a scheme model which shares costs and guarantees reach, and our work is backed by regulation. It's an approach the UK has repeated with Open Banking and the Current Account Switch Service. Other countries across Europe have since built shared cash infrastructure of their own, demonstrating that collaboration of this kind works and that the UK can build shared payments capabilities that serve everyone.

The digital transition happening right now can be shaped in the same way. We can work collaboratively to ensure that the fruits of novel payments methods can be shared across the country, and used to drive inclusion. But that won't happen without careful analysis, shared commitment and co-operation across the industry.

This report is therefore powerful and timely food for thought. It offers several routes to drive that co-operation, and clear next steps to consider. If we work on this basis, I believe we can not only drive inclusive outcomes, but also act as a world leader, demonstrating how to implement digital payment journeys across the world.

In forty years' time, whatever happens with this digital transformation, I believe cash will still be an important part of the payments ecosystem. I hope it will sit alongside digital payments that are truly inclusive, with the governance and collaborative approach which can set the UK apart as a world leader in payments.

John Howells
CEO, LINK

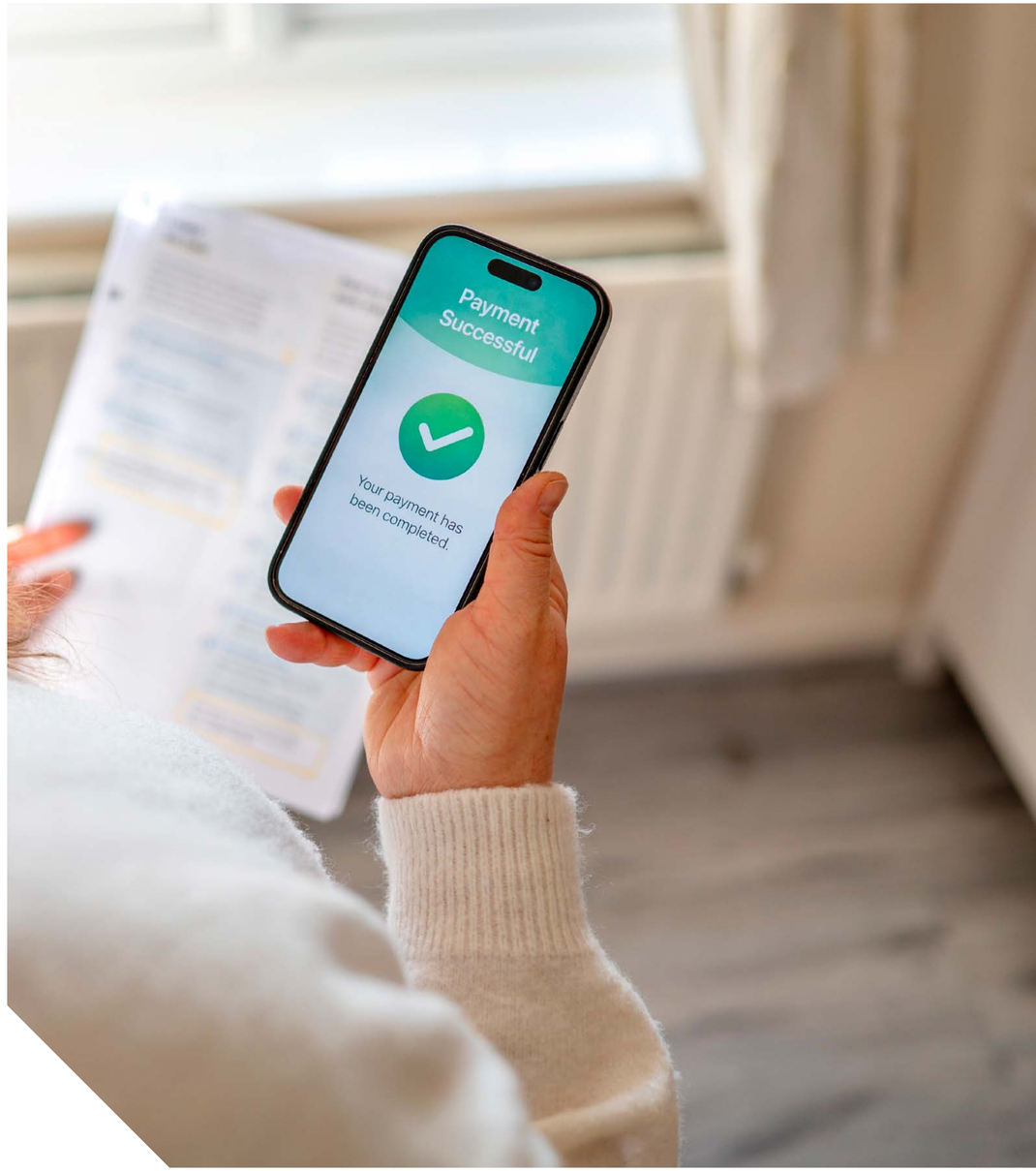
Note from the author

If you like this report, all the ideas in it are mine - I jest! In actual fact, this report owes much to the work of others before me and the wonderful community that makes up the payments ecosystem. My thanks go to LINK for their support, Cite for designing the report, attendees at roundtables held with industry, civil society and authorities earlier this year, various dinners (and football afterwards!), side conversations at conferences, early morning meetings with the Project Nemo team and friends at The Connection Project, overheard conversations on the train and Heydays café in Exmouth where a good chunk of this was written. That said, all omissions and errors are my own.

The UK is a leader in financial inclusion and consumer protection. But we also have some shortfalls. These become particularly obvious once you start looking overseas where ambition for one's country is harnessed by political leadership and industry nous to elevate digital financial inclusion and drive innovation in ways which still seem a little way off in the UK. Other countries began that journey from low levels of inclusion; our challenge is last-mile inclusion in a mature market, and solving it would give the UK something to export.

Payments touch every part of life and the payment choices we have as a society reflect our culture, values and politics as much as the technology we have available to us. We have some choices to make about the future UK we want to live in, and we're making them now in our emerging 'tech stack'. Let's make good decisions that drive inclusion and bring greater equity to society, because few of us will escape the consequences of a less equitable one. The idea for an inclusive digital 'front door' in this report might not be the solution but it is a potential one. What better ideas do you have? Make sure you share them!

Faith Reynolds
Director, Devon Fields Consulting



Executive Summary

We are living through a digital transition which is speeding up. As institutions have digitised, costs and risks once absorbed by government and firms have shifted onto individual consumers, in an expression of what the Institute and Faculty of Actuaries (IFoA) calls the "Great Risk Transfer"[1].

To deliver a National Payments Vision that genuinely benefits everyone, the UK must move beyond piecemeal fixes and transform its strategy by establishing a shared service digital 'front door' (such as an inclusive digital wallet) backed by a statutory mandate and equitable funding from across a wider ecosystem.

The report asks two key questions:

- How can digital payments be designed to better reflect the needs of consumers in vulnerable circumstances or with less wealth; and
- How can we unlock innovation and investment for people who are less commercially viable to serve?

The challenge:

- Profit-maximising firms rationally focus investment on areas where return is clearly identifiable, while competition concentrates among consumers who are healthier, wealthier, and digitally enabled. Payments innovation isn't reaching those who need it most at scale.

The structural solution:

- A shared service model offering an inclusive digital 'front door', designed end-to-end across a single socio-technical stack, which integrates infrastructure, product design and human service and delivers consumer confidence, control and connection in digital payments.

Funding and governance:

- Rebalancing risk back towards institutions through a statutory legislative mandate, Digital Public Infrastructure, and a sustainable funding stream shared across the payments and data value chains.

Technology offers new opportunities

Imagine a digital wallet that makes managing money simple and secure for Jona, who has learning disabilities, and their helper, Nina. A conversational AI reads out Jona's balance, flags a subscription Jona no longer wants and pauses the payment. When Jona is unwell, a neighbour helps with the shopping using a QR code loaded with £25. Nina's AI consumes monthly reports from Jona's AI and alerts Nina to contact a community banker when necessary. When Jona and Nina visit the local Banking Hub, with a quick tap of their smart watches, Jona and Nina can check in and Nina swipes to confirm she's there to support Jona. Jona keeps their independence, while Nina finds the bank a willing support in her role as a financial helper.

Part 1: Leveraging payments innovation for everyone

The UK's National Payments Vision sets out an ambition for a "trusted, world-leading payments ecosystem delivered on next-generation technology, where consumers and businesses have a choice of payment methods to meet their needs" and "innovation should benefit us all, including those with varied needs"[2]. For most people, payments work well today[3]. However, for large cohorts of consumers, digital payments haven't kept pace with their needs.

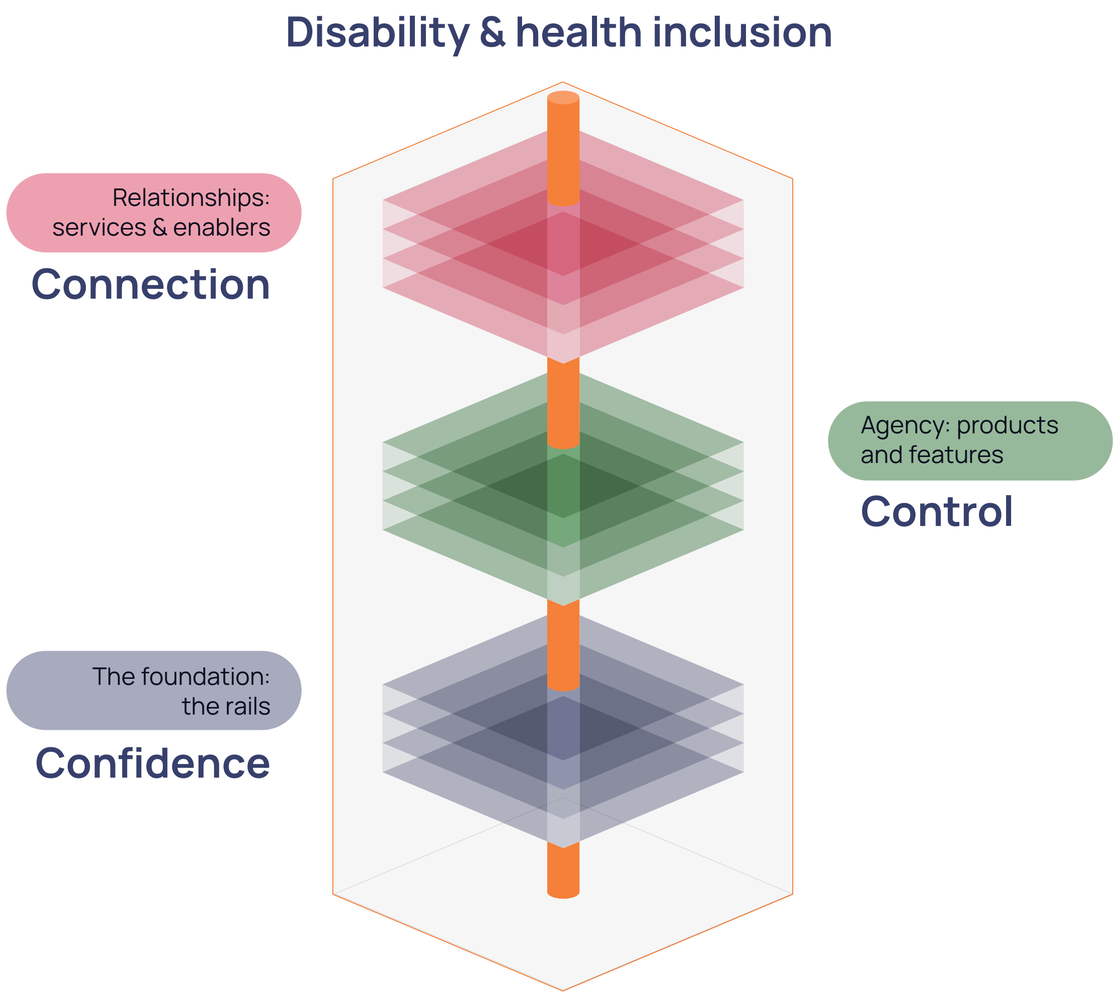
Currently, 11 million people help others with basic banking tasks, like checking a balance[4], contributing the equivalent of £4 billion a year to keep the current financial system moving[5]. Until now, digital payments have been designed for mass-market adoption rather than financial inclusion.

The Consumer Vision for Payments[6] provides design principles to guide user-centric innovation:

- **Building Confidence (The Foundation):** Delivering payments that are simple, safe, reliable, and trusted.
- **Enabling Control (Agency):** Providing genuine choice and flexibility that reflect budgetary constraints and respect privacy.
- **Providing Connection (Relationships):** Offering support through the digital transition and reflecting how people manage money in the community.

Disability and health inclusion are cross-cutting themes with the focus on making sure payments are accessible, people feel confident to disclose needs and get more consistent outcomes. These principles point to the need for a model that treats infrastructure, product design, and human service as a single socio-technical stack rather than as unrelated parts of an ecosystem. Designing end-to-end helps policymakers identify what each layer needs and who is responsible for it.

The socio-technical payments stack



Part 2: What holds back digital payments inclusion?

Many of the shortcomings people face are not new. Some, like the requirement for more control over digital payments, were identified as far back as 1999[7]. Yet 27 years later we are only just on the cusp of potentially solving this challenge.

Understanding the context of payments innovation in relation to competition helps explain why people's needs go unmet:

- **Supply and demand:** On the supply side, profit-maximising firms rationally focus investment on areas where return is clearly identifiable. On the demand side, competition in the current account market is somewhat limited and customer switching is low.
- **Market incentives:** The extent to which markets are incentivised to create more inclusive payments can be expressed through an assessment of consumer health and wealth. Wealth drives revenues (through higher balances and cross-selling potential), while poor health raises the cost to serve (e.g. through increased complexity and support needs). The commercial case is weakest where inclusive innovation would help most.
- **The current governance limitations:** The government is ultimately responsible for financial inclusion in the UK, but it is not in statute, meaning it relies on the government of the day, which expects to play a convening role while progress depends on the wider ecosystem[8]. Fair By Design highlights the difficulties of moving financial inclusion forward when responsibilities of different organisations are not clear[9]. The limits of current regulation, narrow political negotiation and commercial pragmatism mean the risks of the digital transition shift to the consumers least well equipped to respond and with the least buffer to manage their costs. This reduces consumers' financial resilience.

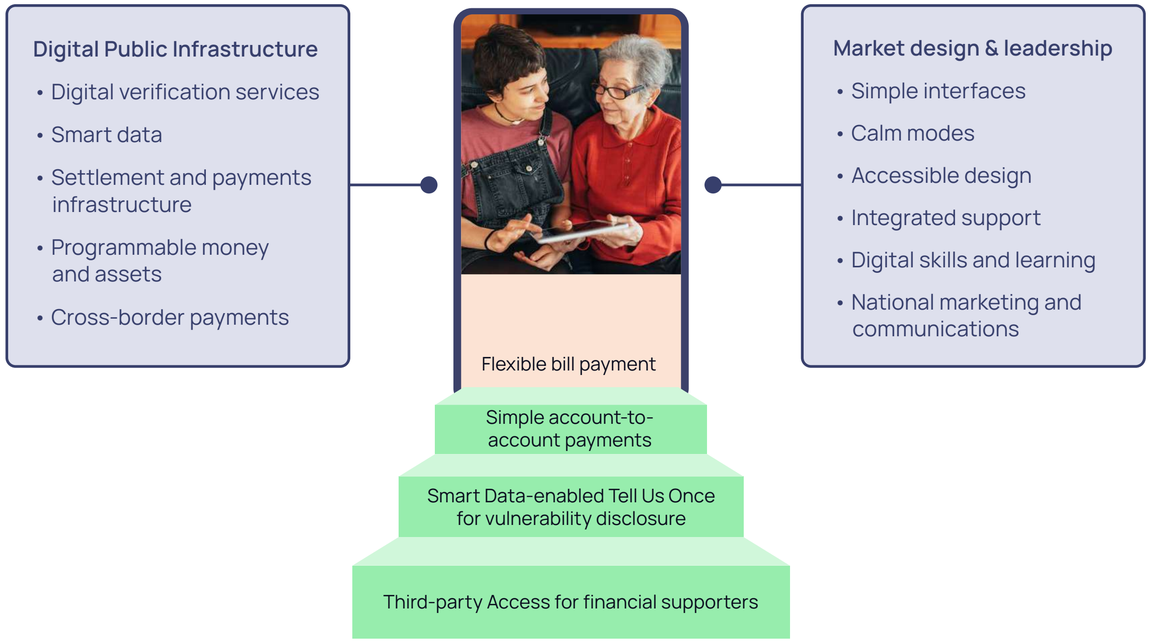
Part 3: Rebalancing risk and building resilience

The Consumer Vision for Payments calls for a payments ecosystem that delivers world-leading digital financial inclusion and puts people's financial resilience and wellbeing at the forefront of the UK's ambition for growth and global competitiveness.

Resilience thinking distinguishes between three ways a system can respond to a shock: it can absorb it, adapt to it, or transform[10]. The UK's response to the digital transition has so far relied on the first two. As the digital transition speeds up, we must transform our culture and approach.

Shared services offer a model for transforming our approach: building the foundations for a welcoming digital 'front door' and a route that people can take into it step by step.

A simple interface everyone knows and recognises



A stepped route into digital payments inclusion

There are five conditions likely needed for its success:

Five conditions for success

1. **Legislative Mandate:** Put digital financial inclusion on a statutory footing to enable government to designate entities to deliver it over time and provide a strategic vision for its development.
2. **Digital Public Infrastructure:** Identify and embed digital financial inclusion as a core design principle within the development of the UK's emerging tech-stack: digital identification, smart data, settlement and payments infrastructure, programmable money and assets and cross-border interoperability[11].
3. **Designated Entity:** Equip an entity or entities responsible for delivering a ubiquitously available, inclusive digital 'front door'.
4. **Sustainable Funding:** Establish more sustainable funding streams, for instance by spreading costs more evenly across the payments and data value chains (including digital wallet providers, payment system operators, and data intermediaries) rather than relying on a narrow call on incumbent banks.
5. **Accountability & KPIs:** Set regulatory Key Performance Indicators for customer awareness, confidence, and satisfaction, building on the framework set for the Current Account Switch Service.

Conclusion: Where next?

To move this dialogue forward, the UK payment ecosystem requires four immediate actions:

1. **Leadership & Vision:** Government and regulatory acknowledgement of the need for more transformational thinking, coupled with designated leadership to join up the strands of various government strategies.
2. **Consumer & Behavioural Research:** In-depth research and co-design to understand user needs and preferences for a digital 'front door', resulting in a clear theory of change for development and adoption, bearing in mind consumer motivations, capability, confidence and trust.
3. **Economic Study:** An economic study outlining setup costs for a shared service digital 'front door' and evaluating the best approach to funding its delivery.
4. **Proof of Concept:** A technical proof of concept for a digital 'front door', which brings together the different elements of the UK's emerging 'tech stack' and outlines potential scheme governance and liabilities.

We can continue to absorb the technology shock, slowly and piecemeal. We can ask people to adapt, carrying the burden of change themselves. Or we can transform.

To deliver a National Payments Vision that "benefits us all, including those with varied needs", we will need to transform our thinking and our culture to match.

Introduction

The National Payments Vision has set out a vision for a "trusted, world-leading payments ecosystem delivered on next generation technology, where consumers and businesses have a choice of payment methods to meet their needs"[1].

The vision outlines the government's commitment to ensuring access to cash but it also acknowledges that payments are becoming increasingly digital. We are in a digital transition and this has a profound impact on the way consumers are engaging with and are expected to engage with financial services.

The government's vision notes the potential of pioneering new types of digital money and digital payments, the increasing use of AI and data and their role in mediating and automating payments. The vision has three key pillars: security, competition and innovation. Innovation should "benefit us all, including those with varied needs" in a commercially sustainable way.

Building on a Consumer Vision for Payments, this report considers two key questions:

- How can digital payments be designed to better reflect the needs of consumers who may be in more vulnerable circumstances or have less wealth?
- How can we unlock innovation and investment for people who are less commercially viable to serve?

The report has three parts:

Part 1 explores how near and next-gen technologies could meet consumer needs. It sets out a framework for inclusive payments and calls for the reader to think of payments as a socio-technical stack. This takes its lead from the Consumer Vision for Payments[2].

Part 2 considers why some people's needs may not be met by competition and why this holds back payment innovation. It then further considers health and wealth as particular determinants of how the market is incentivised to meet people's needs.

Part 3 considers how we might unlock innovation and investment through developing a shared services approach to delivery and options for funding. It calls on the reader to consider how we can build resilience by not simply absorbing and adapting to the speed of the digital transition but also transforming how we think about it.

Parts 1 and 2 are grounded in evidence. Part 3 is green and aims to provoke discussion about how, within a fast moving digital transition, we can create a stepped route into digital payments inclusion.

The Consumer Vision for Payments calls for a payments ecosystem that delivers world-leading digital financial inclusion and puts people's financial resilience and wellbeing at the forefront of the UK's ambition for growth and global competitiveness.

Introduction continued...

It is important to note that this report does not dwell on the potential consumer harm that arises as a result of an increasingly digital payments ecosystem, nor does it consider the necessary regulation that would help protect consumers (although both are very important to the author).

Furthermore, this report has not included a detailed consideration of consumer behaviour or what is required to help people build trust and move to new types of digital payments. Consumer protection and inclusive design are both critical to underlying assumptions in this report: if we design to meet people's needs with and for them, those who are able to, will adopt; if they adopt, it will create benefits for them and wider society.

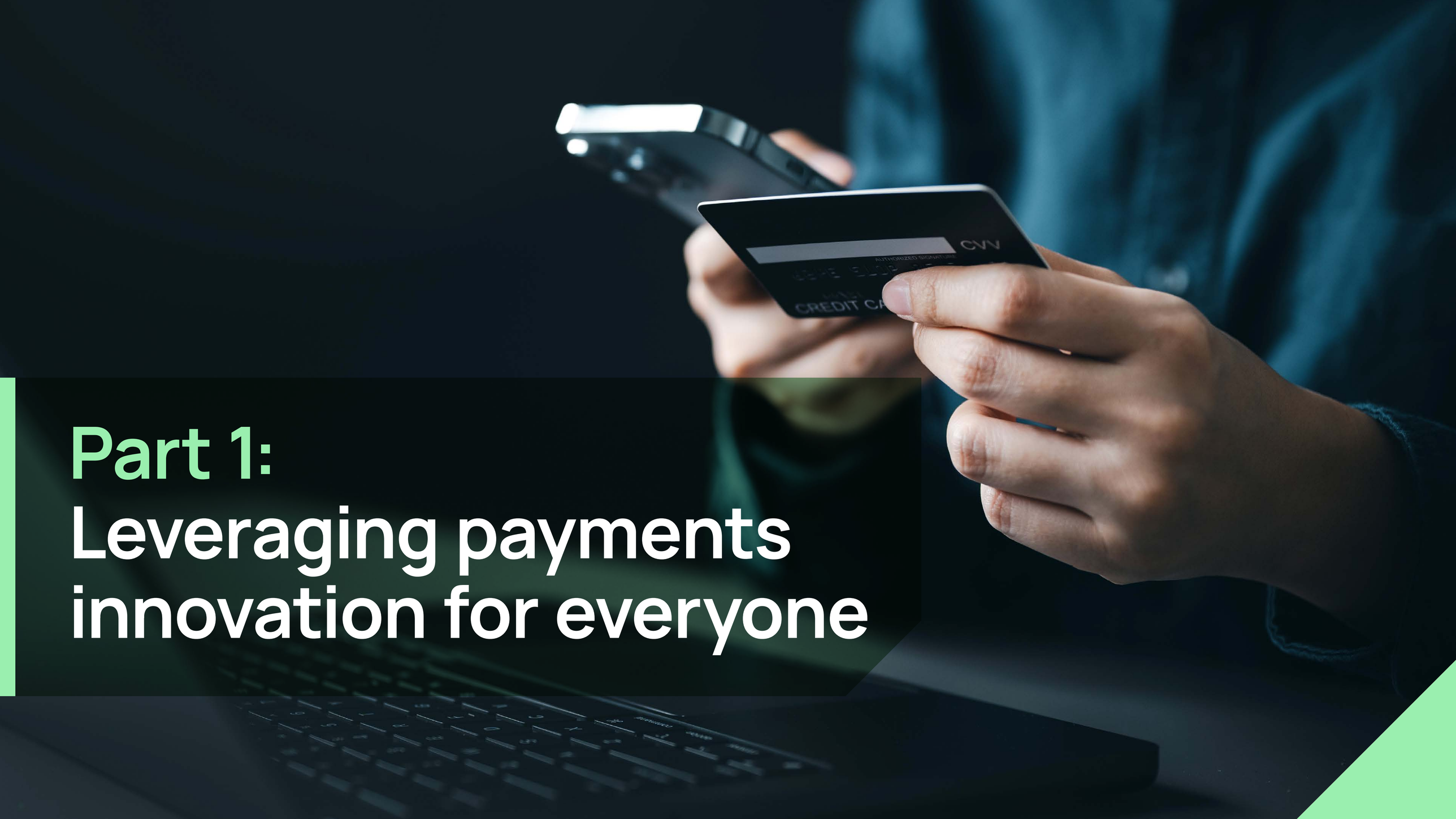
The report concludes with a set of requirements for successfully delivering digital payments inclusion and some next steps to move the dialogue forward.

A note on terminology

Throughout this report, the term 'shared services' is used. This describes an arrangement where firms that normally compete, instead collaborate to provide a service together: a common service, standard or piece of infrastructure that no single firm could justify building alone, but that all of them and their customers benefit from.

'Digital payments inclusion' and 'digital financial inclusion' are used interchangeably throughout.

'Financial inclusion' is used broadly to mean accessing and using digital payments and basic banking, rather than account opening.



Part 1:
Leveraging payments innovation for everyone

Chapter 1: what do consumers need from payments?

For most people, payments work well today[3]. But for large cohorts of consumers, digital payments aren't keeping pace with their needs, and haven't done for some time.

The evidence on the limits of digital payments is long-standing but the concerns about the challenges they create for consumers are sharpened by the increasing pace of digital transition. As cash acceptance declines[4] and public services move online[5], the imperative to extend the benefits of digital payments to people who currently rely on cash is growing.

To understand what people need from digital payments, it's helpful to consider the features of cash that have yet to be replicated in digital payments, as well as the nature of digital payments that makes them less attractive to some groups. These data points indicate where innovation could help to make digital payments more attractive and a genuine choice in a wider variety of settings.

85%

believe a cashless society risks excluding vulnerable groups[7]

What can we learn from cash for digital payments innovation?

Cash has a particular bundle of attributes we can learn from for improving the design and delivery of digital payments:

- **Visibility:** you can see it and count it out. Cash allows people to externalise their mental accounting. They can see what they have and do not have.
- **Tangibility and fungibility:** you can feel it, parcel it into jam jars or envelopes, limit what you put in a wallet, set some aside for a rainy day. For many people, especially older adults who grew up with cash, there is a 'pain of paying' that gives people a sense of control over how much they spend[6].
- **Containment:** you can share small amounts easily to pay, repay, or ask someone to spend on your behalf, without exposing a whole account. This makes it easier to gift money, ask someone to make payments on your behalf and protect what is yours.
- **Social utility:** Some people value the social utility of local bank branches and Post Offices and see using cash as a way of keeping those services alive. 85% believe a cashless society risks excluding vulnerable groups[7].
- **Anonymity:** Cash allows people to pay and be paid without concerns about surveillance.

These features give people genuine transparency and control over how they manage their money and a heightened sense of security as they can more easily limit their losses.

Social utility makes them feel part of society and included. Cash is not a perfect payment because it has downsides too. But for some people it's the only option that meets their needs.

The attributes of cash matter most to people who:

- **Live in more rural areas:** connectivity may be less reliable and cash is needed as a back-up.
- **Have less confidence:** they may not have experience using a smart phone or may not be confident using it for making payments or downloading apps for services like parking meters.
- **Are concerned about privacy and security:** they've been scammed before or are concerned about fraud and security; they like the anonymity of cash; or they face particular circumstances making cash safer (e.g. fleeing from an abusive partner).
- **Have a low or unstable income:** they cannot afford to lose even small amounts of money or wait for payments to be refunded when they go wrong because they have no buffer.
- **Want to avoid debt:** they struggle with regular payments that could put them in debt, lack visibility or reduce their control e.g. direct debits.
- **Need help managing money:** they have or need help managing money and cash provides them and their carers, friends and family with clear guardrails.
- **Feel that their community is increasingly less well served** because of a lack of access to banking and cash services[8].

Where do digital payments need improving today?

Addressing challenges in digital payments could make them more attractive.

- **Connectivity and affordability:** Digital payments rely on connectivity, devices and data that may not be available or affordable. 6% of all adults do not have internet access at home[9]. Good Things Foundation suggests that 3.7 million households with children do not meet the Minimum Digital Living Standard today (4 in 10 households with children)[10].
- **Trustworthiness:** Even where people are making digital payments, the systems may not be reliable. Two-thirds of UK adults have experienced some form of payments disruption, with a third of those caused by payment system outages[11]. People feel cash is more reliable and important as a back-up because digital payments may not always work[12]. People are also concerned about surveillance[13] and the use of their data in ways which may not profit them[14].
- **Complexity:** Digital banking tasks like setting up new payees or multi-factor authentication can be complex, especially for people with lower digital skills[15] or those who experience key disabilities, e.g. dexterity. The cognitive load of multiple steps to complete a payment can leave some struggling.
- **Riskiness:** More than half of all consumers (52%) say fraud and scams are their number one payment concern[16]. Criminals stole at least £1.28 billion through fraud in 2025, with banks preventing a further £1.68 billion of unauthorised fraud[17]. The sense of riskiness is compounded by complexity and scam warnings. Payments can feel high-stakes[18] and error intolerant.

- **Lack of visibility:** Clearing times and refunds for digital payments are not real-time and this can leave consumers confused about their real-time balance. Continuous Payment Authorities are difficult to spot and can be challenging to cancel[19].
- **Inflexibility:** As early as 1999, research by the Personal Finance Research Centre at the University of Bristol highlighted the need for greater control over payments for people on low and unstable incomes and the steps people took to self-exclude to avoid direct debits[20]. More recent data shows that over 25 million people have volatile incomes, with some people facing an intolerable mental load to manage the inflexibility of digital payments[21].
- **Additional costs:** Where people use alternatives like Standard Credit to manage their budget when paying utilities, they pay more than paying by direct debit[22]. Depending on the cross-border payment corridor, people pay more to send money abroad[23] (this particularly affects asylum seekers and refugees who have very little disposable income).
- **Not designed for inclusion:** While some people with disabilities have found digital payments can significantly help with inclusion (e.g. contactless removes the need to use a PIN), many struggle (depending on the type of payment and disability)[24]. 11m people rely on others to help them with basic banking tasks like checking a balance or making a payment[25]. Yet 54% of financial helpers said they didn't have any formal authority to help meaning some have to resort to risky workarounds to make payments work for them[26].

Until now, digital payments have not been designed for financial inclusion but for mass market adoption with a view to ensuring commercial viability. The challenges set out above demonstrate a pattern: as institutions have digitised, costs and risks once absorbed by government and firms have shifted onto individual consumers. Consumers now have to supply the device and data in place of a branch. They have to navigate the interface in place of counter service, and spot online scams rather than simply lock their front door. Where staff once helped, they must find their own support from friends and family.

This is the payments expression of what the Institute and Faculty of Actuaries (IFoA) has called the 'Great Risk Transfer': the steady movement of risk from the state, employers and financial institutions onto individuals, without a matching transfer of the capability or support needed to carry it[27]. People have had to absorb and adapt to the changes to keep up and maintain financial resilience.

We return to these themes of change, resilience and risk transfer later in this report.

The next chapter sets out design principles to guide user-centric innovation in payments and address these challenges.

> **The 'Great Risk Transfer' is the steady movement of risk from the state, employers and financial institutions onto individuals, without a matching transfer of the capability or support needed to carry it (IFoA)[27].**

Chapter 2: what are the design principles for inclusive payments?

The Consumer Vision for Payments sets out a vision for a payments ecosystem that delivers world-leading digital financial inclusion and puts people's financial resilience and wellbeing at the forefront of the UK's ambition. It notes that payments innovation must deliver confidence, control and connection.

Aggregated with information about what people like about cash and the challenges of digital, the design principles indicate a clear set of user needs which payments innovation should focus on delivering.

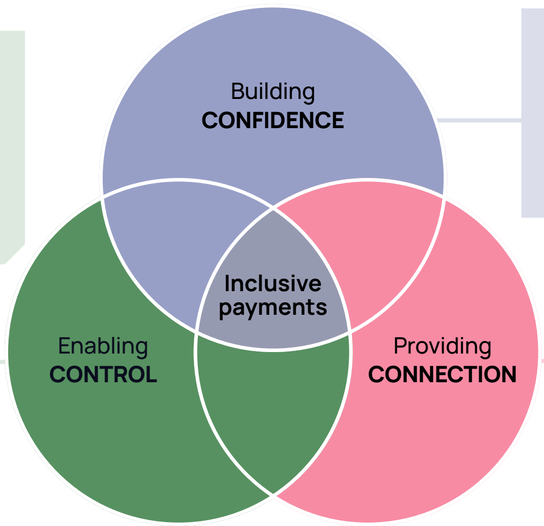
Make it inclusive of my disability and health condition

Across all of these principles is a cross-cutting theme of making payments inclusive of disability and responsive to different health conditions. 16.8m people in the UK have a disability[28]. 58% of the 4.8m adults in poor health and/or with cancer, MS or HIV infection said they had experienced issues interacting with providers or managing their finances, specifically due to their condition/illness, according to the Financial Conduct Authority's (FCA's) Financial Lives Survey (2024)[29].

In a separate briefing, we set out the types of challenges disabled people face by payment type[30].

Making payments inclusive

- Agency over payments and use of data
- Affordable, flexible and predictable
- Budgeting help



- Resilient, secure and protected
- Trustworthy and reliable
- Simple to use
- Clear and transparent fees

- Integrated help for learning
- Third-party support
- Access to face-to-face services and cash

The three design principles can be re-interpreted as a set of user needs:

Confidence:

- Make it simple for me to use
- Make it reliable and trustworthy
- Make me feel secure and protected

Control:

- Give me control over my money and my data
- Make it easy for me to manage and flex my payments (without a poverty premium).
- Help me budget and meet my financial goals

Connection:

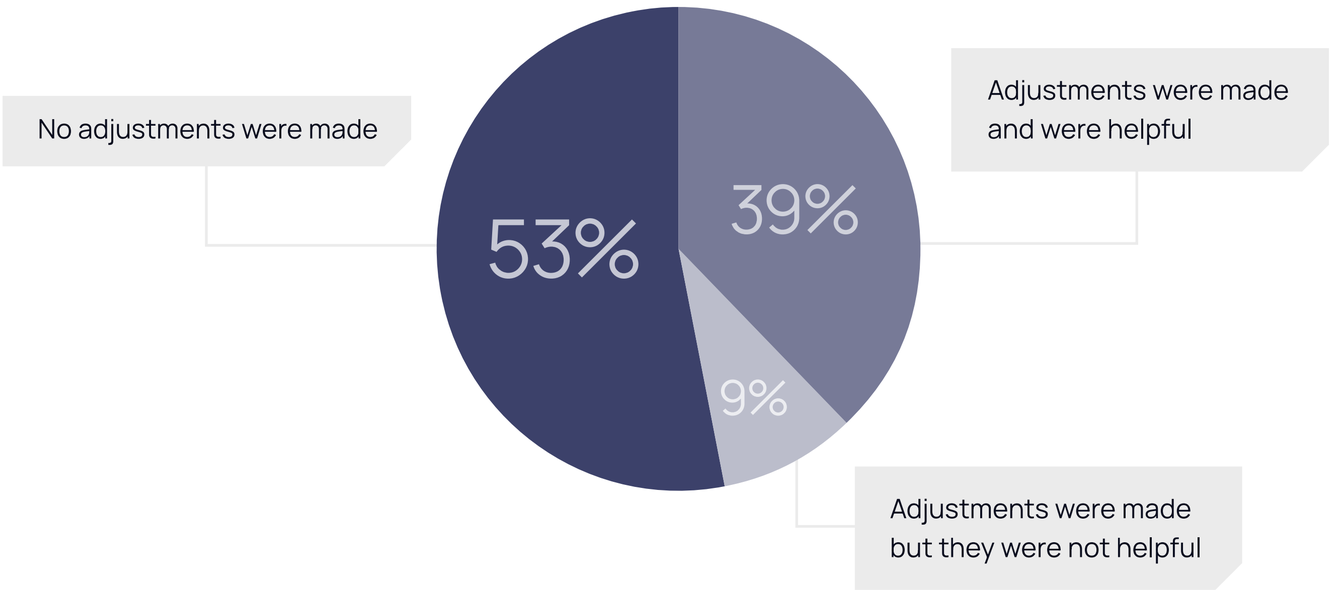
- Help me learn about digital payments
- Give me genuine channel choice about how I pay
- Help the people who help me

In Financial Lives 2024, the FCA asked adults whether they have any specific accessibility requirements or needs, for example due to a disability or health condition, that need to be met to enable them to contact their financial services providers more easily or access their services. One in 25 adults (4% or 2.3m) said that they did – rising to 8% among adults aged 75+[31]. The rise in age highlights the physical and cognitive challenges of ageing. The chart here is not payments specific, however it identifies the trend that only around half the time do people get the service they need.

Further research shows that only 26% of people with a disability[32] and only 14% of people with a mental health problem have told their bank[33] about their needs. It is important that people feel they can disclose their needs simply 'in the moment' but also have control over how their data is subsequently stored or used so that they do not face exclusion when applying for other products and services[34].

Using existing research and segmentations, it is possible to identify certain characteristics of key personas that would welcome innovation that meets the user needs identified above.

For adults with a specific accessibility need who had contacted their provider in the last 12 months, whether their provider made reasonable adjustments for these needs (2024). Reproduced from FCA Financial Lives survey.



Base: All UK adults with a specific accessibility need who have contacted their provider (2024:131) excluding 'don't know' responses (14%). Question: CD38D (Rebased). When you tried to (switch/cancel/raise a complaint/contact/find/request information about your financial product) did your provider make reasonable adjustments for your specific accessibility needs?

In figures, tables and report text, percentages derived from the survey analysis or associated calculations are usually rounded upwards or downwards to the nearest whole number. Where a percentage, calculated to one decimal place, is x.5% the convention is to round upwards, eg 56.5% is shown as 57%. Totals may, therefore, not add to 100%.

Making payments inclusive: **Building Confidence**

Foundation: make it simple, safe and trusted

User need

- Make it reliable and trustworthy.
- Make me feel safe and secure.
- Make it simple for me to use.

Key characteristics of personas that value this principle

- People living in areas with limited connectivity, or who need a back-up when digital fails.
- People who are particularly concerned about fraud and scams.
- People for whom payments (e.g. bank transfers or multi-factor authentication) feel complex or worrisome.

Indicative scale of the cohort

- 6% of UK adults (around 3.3m) have no home internet[35], and 1.2m adults are digitally excluded[36].
- More than half of all consumers (52%) say fraud and scams are their number one payment concern[37], and criminals stole £1.28bn in 2025[38]. Among adults who do not bank online or via an app, 37% say it is because they do not believe it is secure[39].
- 17% of adults who do not bank digitally find it too complicated[40]; and 35% of people who help someone else bank say that person finds online or mobile banking confusing or hard to use[41].

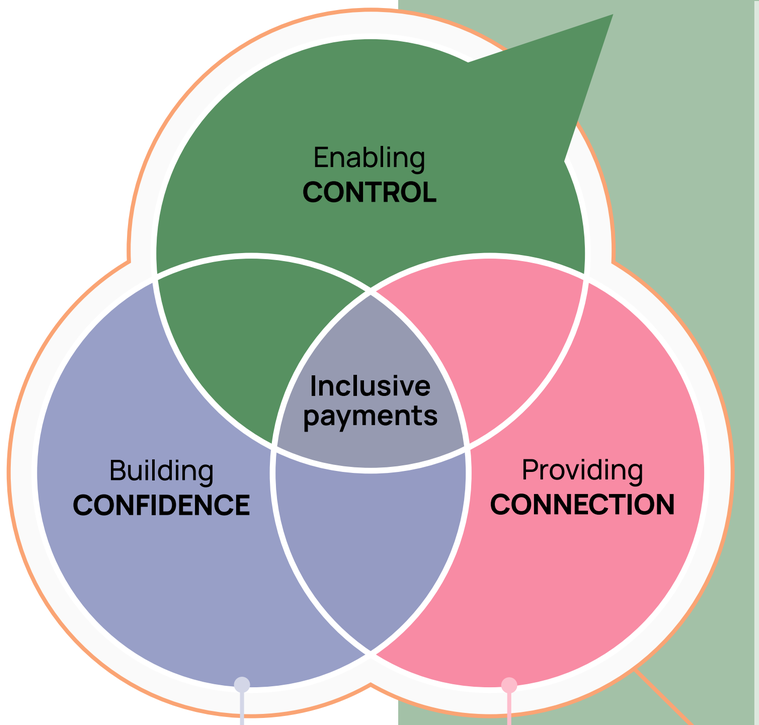
Agency, flexibility and budgeting help

Integrated help for learning and third-party support

Cross-cutting: "Make it inclusive of my disability and health condition"

Making payments inclusive: **Enabling Control**

Agency: offer genuine choice and flexibility that reflects budgetary constraints and respects privacy



User need

- Give me control over my money and my data.
- Make it easy for me to manage and flex my payments (without a poverty premium).
- Help me budget and meet my financial goals.

Key characteristics of personas that value this principle

- People who are concerned about privacy and surveillance.
- People who need to give access to their data so they can get help (e.g. disclosing a need).
- People currently paying a poverty premium to pay bills.
- People worried about managing subscriptions.
- People with fluctuating incomes or a limited financial buffer.

Indicative scale of the cohort

- Among heavy cash users, 47% cite trust or privacy as a reason for preferring cash and 20% use it specifically for privacy[42].
- 11m people rely on someone else to help with day-to-day banking[43]; yet only 26% of disabled customers[44], and 14% of those with a mental health problem, have told their bank about their needs[45].
- The poverty premium costs low-income households around £380 a year on average[46], and 13.1m adults (24%) have low financial resilience[47].
- 13m UK adults have accidentally signed up to a subscription, and £688m was spent on unused subscriptions in a single year[48].
- 25m people have volatile or fluctuating incomes[49], and 7.6m adults (14%) have low savings[50].

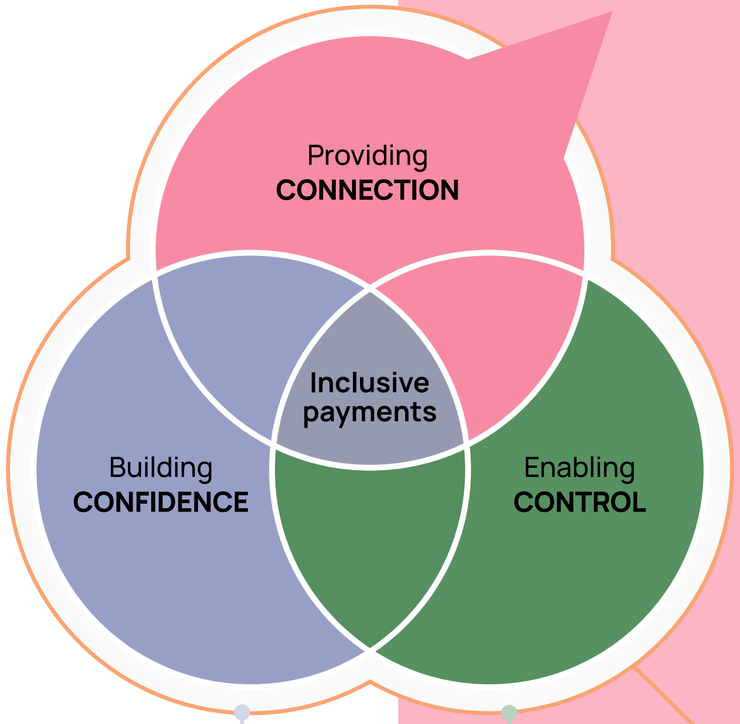
Simple yet secure, reliable and trustworthy

Integrated help for learning and third-party support

Cross-cutting: "Make it inclusive of my disability and health condition"

Making payments inclusive: **Providing Connection**

Relationships: provide support through the digital transition and design to reflect how people manage money in the community



User need

- Help me learn about digital payments.
- Give me genuine channel choice about how I pay.
- Help the people who help me.

Key characteristics of personas that value this principle

- People who could use digital if provided with sufficient and accessible support, through the Post Office, Banking Hubs or other trusted organisations.
- People who need access to cash because digital does not work for them, or they need it in an emergency or crisis (e.g. fleeing domestic abuse)
- People for whom a power of attorney cedes too much control but who would welcome additional support from a trusted third party (e.g. for reassurance or temporarily when managing a health condition).

Indicative scale of the cohort

- 3.3m account holders (7%) still do not bank online or via an app, and 13.2m adults (26%) used a branch in person in the past year[51].
- 2.6m people are heavy cash users[52].
- 4.1m women experienced economic abuse from a partner in 2024, with around 940,000 prevented from leaving an abuser[53].
- In 2021, 5m people in England and Wales had unpaid caring responsibilities, and 54% of those who help someone bank have no formal authority to do so[54].

Simple yet secure, reliable and trustworthy

Agency, flexibility and budgeting help

Cross-cutting: "Make it inclusive of my disability and health condition"

Fully sizing the market for these user needs requires a deeper and more nuanced understanding of how people use different payment types in tandem.

While the FCA has identified a group of 2.6m people who are heavily reliant on cash, the same research shows that 21% of people use cash and other payments equally and 44% occasionally use cash[55]. Research for the Payment Systems Regulator (PSR) shows that people's choices are guided by context and rooted in habit. Choices vary according to the purpose of the payment and key attributes like reliability, security, privacy, protection, speed, ease of use and budgeting concerns[56]. LINK's Cash Index suggests cash is consistently used for payments in supermarkets, convenience stores, cafés, pubs, and informal person-to-person transfers[57].

For some cash is their only option, for others it's the best option when faced with the limitations of digital payments. The inclusive payments design principles demonstrate how payments can be better designed to meet the needs of different cohorts of consumers and offer new, genuine choice, alongside cash.

Different people's needs will skew our framework in different directions depending on their situation. For instance, someone on a low budget may want more confidence and control but need less connection, while someone with more disposable income may need more confidence and connection but less control, and so on.

In the next chapter, we highlight some of the 'next-gen' technologies that might be leveraged to bring about innovation that genuinely meets diverse needs of consumers.

21%

of people use cash and other payments equally[55]

Chapter 3: how can next-generation technologies help shape the future of inclusive payments?

The inclusive payments principles also indicate a framework within which to discuss the potential of 'near' and 'next-gen' technologies that could be used to deliver more inclusive payments.

We need a socio-technical stack to deliver digital payments inclusion

Together, our design principles indicate a model that treats infrastructure, product design and human service as a single system, rather than as unrelated parts of the ecosystem, which points to a need for more co-ordinated and less fragmented governance. Thinking about payments in this way helps policy-makers and practitioners identify the interlocking components of each layer that are needed to deliver success and who is responsible. It reinforces the point that for payments to be inclusive, they need to be designed end-to-end.

Over the coming pages, we highlight examples of near and next-gen technology that deliver at these layers of the ecosystem. The examples are not exhaustive and we welcome input from industry participants and stakeholders to add to them! We also offer short, international examples to demonstrate how other countries have sought to make payments more inclusive.

Confidence is the foundation for simpler, safer and trustworthy payments. This domain is most linked to the work of the Bank of England, payment system operators and others responsible for thinking about industry-wide standards for clearing and settlement infrastructure, schemes and standards.

Control gives people the agency they need to get the best out of their money. While some initiatives require industry co-ordination, others require payment service providers to utilise new technologies like AI to simplify and help people's money stretch further.

Connection is about making sure people get the help they need in a way that works for them. It normalises learning and equips people with the signals and structures so they know where they can turn to for help, whether a trusted party at a corner shop or a friend or relative.

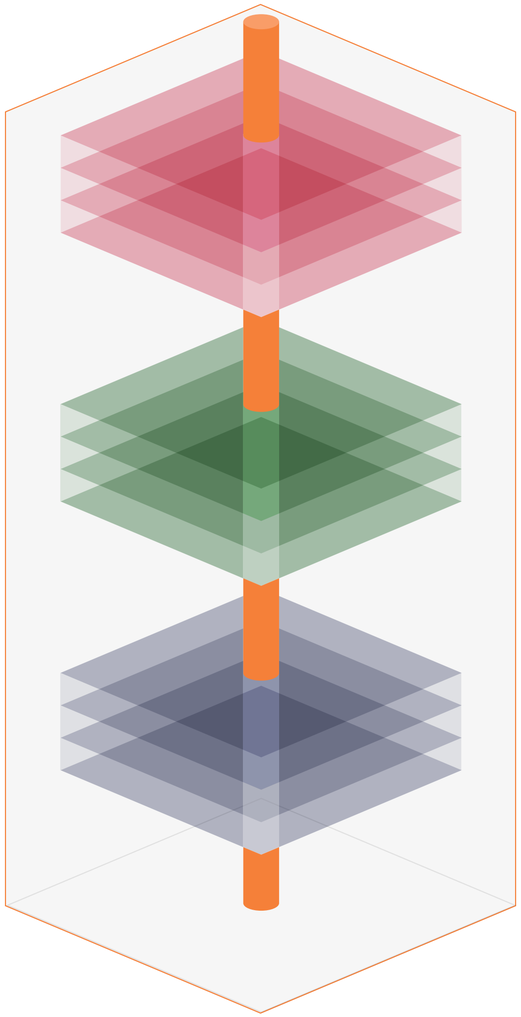
Cross-cutting: running through all these layers is inclusive design and assistive technology to enable the standardised and systematic communication of need 'in the moment', providing the foundation for firms to innovate and personalise responses in a more standardised and systematic way.

The socio-technical stack for end-to-end digital payments inclusion

Disability & health inclusion

Relationships: services & enablers

Connection



Agency: products and features

Control

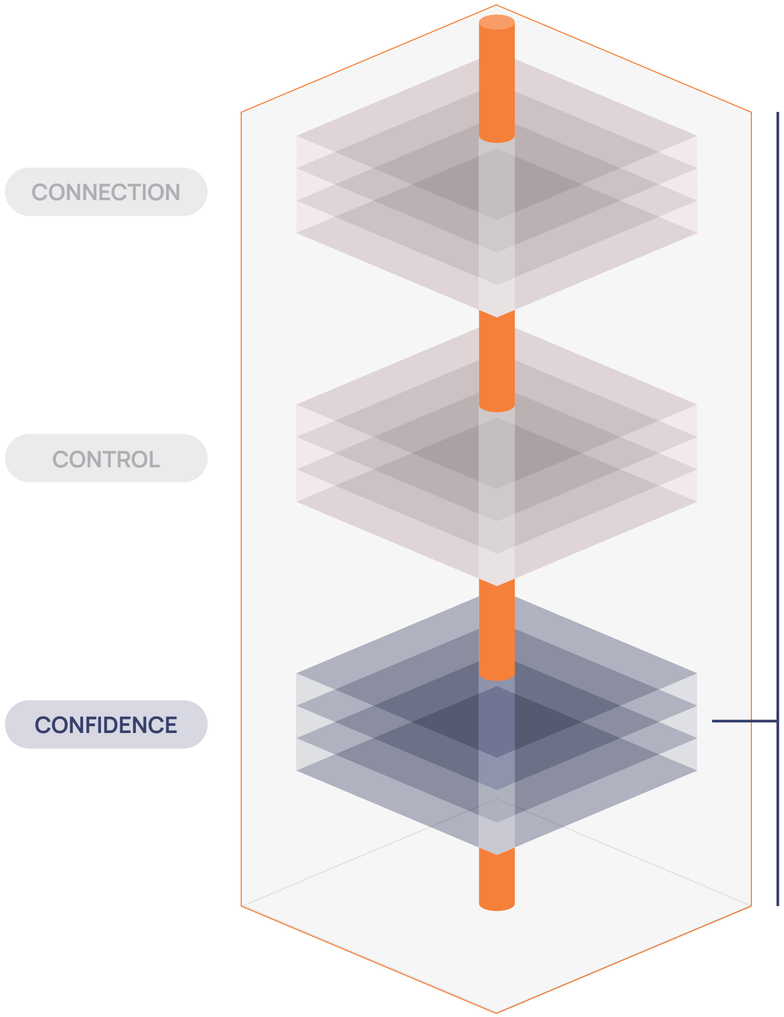
The foundation: the rails

Confidence

Inclusive design, assistive technology and smart data

Confidence: the foundation

The rails, clearing and settlement - make it simple, safe and trusted



Make it reliable and trustworthy

Make me feel safe and secure

Make it simple to use and to authenticate

Ideas for inclusive payments

Offline payments and stored value:

A small balance held securely on the card or phone itself, so everyday payments work without a signal. Values settle once reconnected.

Cross-rail payment re-routing:

If one payment rail goes down, payments switch automatically to another.

Richer, clearer payment data:

Better merchant identification so bank statements are easy to understand and budgeting, credit and fraud tools have better data to work with.

Background validation using digital verification and corporate digital ID:

Use digital IDs to verify the payer and payee.

Real-time intelligence sharing:

Banks, telcos and platforms pool and share live intelligence at a core infrastructure level to reduce fraud.

Smart contracts on tokenised deposits and programmable money:

Hold or 'lock' funds until a transaction is assured.

Reusable verified digital ID:

Link to a digital wallet for wider application and simplification of all password management online.

Alias-based peer-to-peer payments:

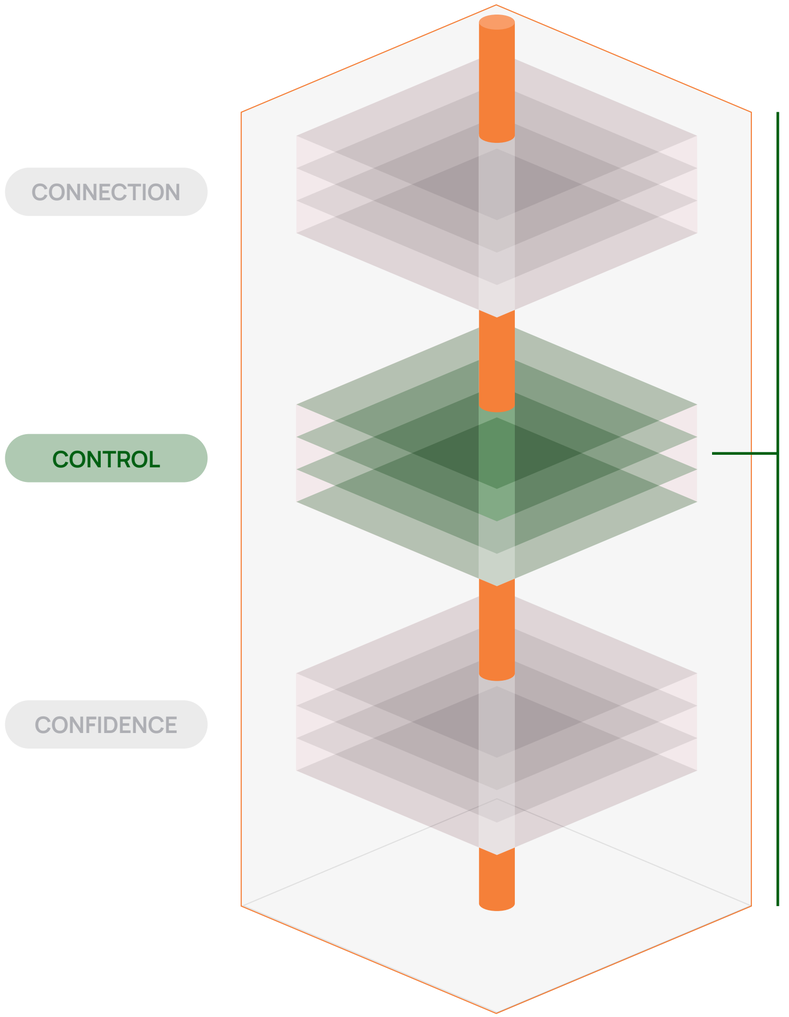
Substitute complex sort code and account number with mobile phone number or other alias.

Passwordless authentication:

Passkeys, biometrics, a device-linked 'telecare button' for one-touch confirmation without the complexity of numbers. Touching your card on your phone or laptop to verify an online purchase rather than typing numbers.

Control: agency

Products and features - genuine choice and flexibility that reflect budgetary constraints and respect privacy



Give me control over my money and my data

Make it easy to manage and flex my payments
(without a poverty premium)

Help me budget and meet my financial goals

Ideas for inclusive payments

One control panel for every payment and permission:

A single, consistent place to see, pause, part-pay or cancel recurring commitments (direct debits, CPAs, VRPs, subscriptions), manage who can use your data, and freeze a card.

Pots / 'jam-jars':

Ring-fence money for a purpose and make it genuinely programmable through tokenisation.

Balance at a glance:

See or hear your balance instantly, shown on the card itself or spoken aloud when you tap the card on your phone or laptop.

VRPs you can stop, pause or part-pay (Request to Pay):

Flexible bills without falling into the Standard Credit poverty premium.

More frequent payroll and weekly payable bills:

Underpinned by faster/instant payments and programmable money.

Micro-payments that spread a cost and avoid lump sum costs:

For example, pay-as-you-go insurance linked to actual usage.

A 'safe to spend' assistant:

Which takes into account pending payments and provides greater clarity.

AI that eases mental load:

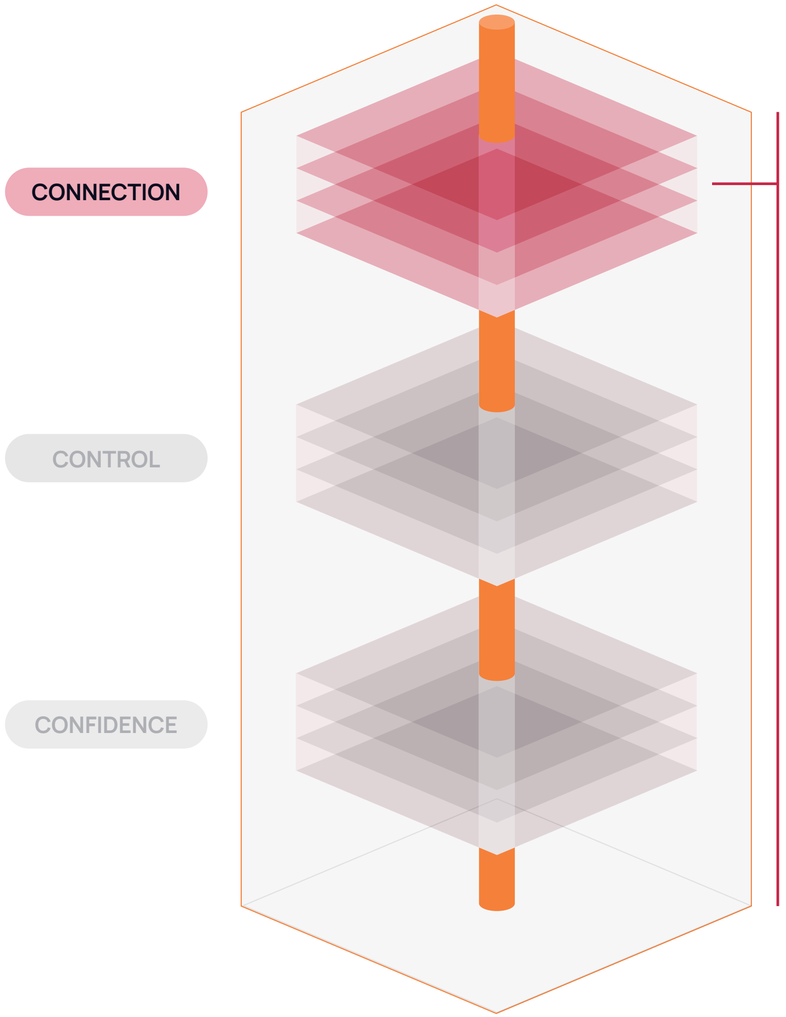
Utilising pots, programmable payments and conversation to work out the best way to pay and when.

AI enabled benefits and switches:

Automatically applies for benefits and grants, and helps switch you to better deals and rewards to help make ends meet.

Connection: relationships

Services and enablers - support through the digital transition, reflecting how people actually manage money



Ideas for inclusive payments

Help me learn about digital payments

Integrated help:

Learn about digital payments in branches, Banking Hubs, Post Offices and digital inclusion initiatives.

A 'learn-by-doing' safe space online:

Practise a real payment journey online with no real money at risk.

Reward-linked learning points:

For example, small vouchers for progress which are relevant to the communities people live in.

Give me genuine channel choice about how I pay

Cash-to-digital bridges:

Face-to-face support through branches, Banking Hubs and Post Offices or paper-based bar codes that allow purchases online.

Next-gen telephone banking:

Conversational AI that helps with the job in hand and hands over to a human when needed, with the option to dial in a verified, trusted helper.

TV-banking:

Conversational voice banking through a familiar screen.

Help the people who help me

A recognised trustmark for safe help:

An easily identified symbol for trusted support points and accredited helpers, so anyone can safely ask for help (made recognisable by a national campaign).

Smart contracts that ladder permission:

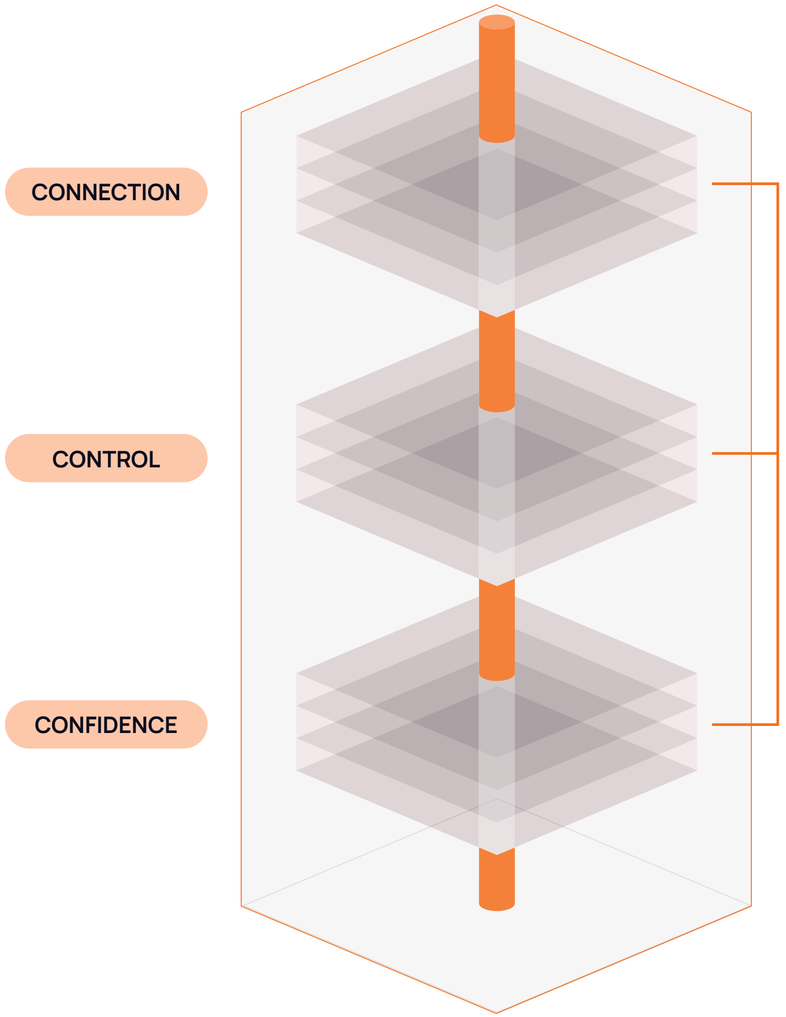
Permission that steps up gradually as more help is needed, from simple alerts through to full power of attorney.

Digital verification + consent framework:

Authorise a helper safely, including for joining a call or meeting.

Disability and health inclusion

Make it inclusive of my disability and health condition - disclose once, be understood everywhere and get consistent responses



Ideas for inclusive payments

Make it accessible for me

Accessible statements:

Bank statements and communications automatically offered in British Sign Language.

Easy modes:

Toggle on Easy Read or Simple modes for people with learning disabilities or people who prefer simpler interfaces and explanations.

Inclusive biometrics and speech models:

Authentication and voice services trained and tested across the diversity of speech, faces, movement and behaviour, with accessible fallbacks built in.

Let me tell you once and protect my data

A 'Tell Us Once' feature:

Digital wallet that allows people to proactively share the action/help they need 'in the moment' for payments and banking.

Verifiable credentials:

Selective disclosure and zero-knowledge proof to protect privacy.

An AI that communicates on someone's behalf

An on-device AI that offers to contact key providers (e.g. credit reference agencies) on your behalf to raise awareness of increased vulnerability.

Respond to my needs in ways that are consistent and predictable

Pre-configuration of service:

Preferences set once and applied everywhere. A terminal could speak the amount through your phone, hearing aid or earbuds, or accept a telecare button to authenticate.

Pay on own device:

Complete the payment on own phone, with existing accessibility settings, rather than on a point-of-sale terminal.

Protection built into money itself:

Money with rules attached, such as funds that cannot be spent on gambling or daily limits that travel with the money across accounts.

Imagine…
a digital wallet

Technology offers a variety of opportunities and creative ways to deliver inclusion. It's not difficult to imagine future scenarios in which technology or AI can be used to transform our banking experiences. This following story is a possible user-experience journey enabled by these design principles and emerging technology.

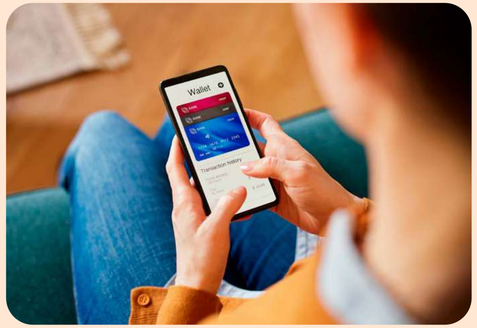
This is the story of Jona, their trusted third party, Nina, a community banker and a charity connected through a digital wallet and a friendly AI.

Meet Jona, who has a learning disability.

They work for a local charity part-time helping other people with learning disabilities at an arts group. Jona is financially independent but needs a hand from time to time.

Imagine…a digital wallet that looks the same for all banks, with a simple interface, enabled by a conversational AI that helps Jona keep on top of their money.

At the beginning Jona was worried that it wasn't safe, but the charity they work for (also a trusted partner for the Banking Hubs) gave them training and helped them set it up.



Using voice commands, Jona can find out how much money they have in the account to spend.

When a recurring payment for a magazine subscription is due, the AI notifies Jona in a secure chat. This allows Jona to tell the AI they don't want the magazine any longer because they want one with better monthly gifts like their friend has. The AI immediately pauses the Variable Recurring Payment and explains the implications. It undertakes research to find a better match for Jona.

Jona enjoys online shopping and the AI makes this very easy, so they have a trusted third party, Nina (verified by digital ID) to help set guardrails.

Nina's AI gets a notification that Jona would like to change their magazine subscription and it's the same price. Nina's AI assesses the change but doesn't notify Nina because it's within the expected budget. Later the same day, Jona decides they'd like to buy some paints on a marketplace. Nina doesn't worry about the marketplace because a smart contract that locks up Jona's money til delivery will make sure Jona isn't scammed.

When Jona has a chest infection, a neighbour says they'll help with the shopping and sends over their payment address.

Jona tells the AI and it identifies the neighbour's account from an alias-based directory in the payments ecosystem. Using a sub-account set up for this purpose, the AI sends a QR code to Jona's friend for £25. Jona gets receipts from their friend's shopping and at the end of the day the QR code is voided, and unspent funds sent back to Jona.

Every month the AI does a report for Jona and Nina.

Nina's own AI consumes the report and this month it raises an alert for Nina to contact the community banker. Jona and Nina check in at the local Banking Hub using their digital watches. Nina swipes the screen to confirm she's there to support Jona rather than herself, her digital ID doing the authentication in the background. When Nina checked in she was also able to alert the Banking Hub she's not able to stand for long periods and needs a seat. The community banker prioritises a seat for Nina. They know this is a health need that's been verified, even if they don't know why.

The community banker explains to Jona and Nina that following some transaction monitoring, they think Jona might benefit from an upgraded AI interface that supports them to save more and spend less online.

Jona is able to access this for free because they have learning disabilities. Nina and Jona talk it through and decide to accept the offer.

The technology that makes it happen

Behind the scenes:

- A charity has been validated as a partner to set up the digital wallet. It's the same across the industry so the charity can be trained in just one interface
- Digital ID increases security and enables verified Third-party Access
- An AI makes the interaction inclusive and accessible
- Variable Recurring Payments with notifications reduce unwanted subscriptions
- Agentic AI shops around to switch to a better matched product
- Tokenisation and smart contracts create a safer online shopping opportunity
- New digital money enables sub-accounts, and alias-based payments create a safe way to share money
- A QR code can be read like a bar code on a gift card
- A Smart Data-enabled Tell Us Once means Nina can share her needs simply and safely without worrying about discrimination
- Transaction monitoring makes monthly statements meaningful leading to action that means Jona is better set up for their future
- Welfare provisions are integrated so the upgrade offer is automatically triggered for free

It's not difficult to tell the story. However, implementing new technology and bringing new products to market requires space for creativity and co-design with people who need the services, opportunities to test new technologies in safe environments (e.g. sandboxes), new governance arrangements and a clear business case.

> **The challenge we consider in the second half of this report is what holds back inclusive payments innovation and how we can unlock investment to create better outcomes for consumers going forward.**

International examples show how technology can be used to create more inclusive payment services.

UPI 123Pay[58]

In India, UPI123Pay extends UPI to basic handsets without any internet access. People connect their bank account and then pay by using interactive voice responses (IVR), a 'missed-call'[59], an app or 'sound based' technology which allows consumers to initiate a tap to pay transaction at a merchant. Information over the phone is provided in local languages ensuring inclusion. These options provide choice while sticking with features that people recognise like feature phones, key pads and voice instructions.

BankID[61] and Swish[62]

BankID is Sweden's digital identity, issued and shared by banks used by over 8 million people to log in, sign documents and access public and private services. The same identity authenticates Swish, a payment service launched in 2012 by six of Sweden's largest banks. It lets people pay each other in real time using just a mobile phone number. One familiar identity, reused across banking, government and payments, makes peer-to-peer transfers simple and safe.

HSBC HK Lite Mode[65]

HSBC HK offers a Lite Mode (Simplified Mobile Banking) within its main mobile banking app. It is a simplified interface designed for customers who find full-featured banking apps overwhelming. Lite Mode presents a clean, grid-based layout with only essential functions: viewing balances and transactions, transferring between HSBC accounts, making bill payments, depositing cheques, accessing eStatements, and setting up time deposits. It is explicitly positioned as "simple to use, easy to learn", with larger fonts, clearer navigation, and enhanced chat/call support for day-to-day banking needs. Customers can switch between Lite Mode and Full Mode at any time, keeping complexity optional.

UPI Lite and Lite X[60]

UPI Lite is a wallet style layer for smartphone users, designed for small, everyday payments. Users preload a balance (stored value) and can make transactions instantly without entering a PIN, reducing friction for micro payments like snacks, transport, or small shops. Capping the risk to transaction limits and daily limits balances safety with speed. UPI Lite demonstrates how stripping away authentication steps and adding transaction limits can enable simple and safe payments. UPI Lite X allows offline payments and works in areas where connection is patchy (again with limits and constraints requiring reconnection with the internet within time frames).

Denmark's Digital Power of Attorney ("Digital fuldmagt")[63]

Denmark's Digital Power of Attorney allows a person to formally authorise someone they trust to act on their behalf across selected public digital services. The principal creates the authorisation online using their own MitID (national digital identity), and both parties receive digital confirmation. Once granted, the authorised person logs in with their own MitID, then simply switches to the person they represent within the relevant service, for example, to order certificates, view health information, or apply for benefits[64].

M-Pesa[66]

M-Pesa launched in Kenya in 2007. It allows people to store, send and receive money using feature phones over telephone networks making the service cheap and accessible, even in rural areas. The interface offers a simple menu of options and authentication uses a PIN. Local agents enable people to convert mobile money to cash and offer help when people are learning to use the service.

Part 2:
What holds back digital payments inclusion?

Chapter 4: why aren't people's payment needs being met?

The first part of this report shows considerable evidence of the struggles people have with payments. You can find further data in our connected reports: a Consumer Vision for Payments and a briefing on the Challenges Disabled People Face when Using Payments.

Many of the issues people face are not new. Some (like the requirement for more control over digital payments) were identified as far back as 1999. Yet 27 years later we are only just on the cusp of potentially solving this challenge. The problem has not been identification of need or availability of new technology.

The supply and demand side challenge

The payment choices people have access to are largely connected to their bank account and card issuer. Understanding the context of payments innovation in relation to competition for current accounts and digital wallets can help explain some of the reasons why people's needs are not being met.

- On the supply side: profit-maximising firms rationally focus investment on areas where the return is clearly identifiable and the risks can be more easily governed or are worth it for the higher benefit.
- On the demand side: competition in the current account market is somewhat limited and customers tend to stay where they are or multi-bank[67]. Age, levels of deprivation, vulnerability, low use of digital channels and low financial savings tend to act as barriers to switching[68].

The impact of competition on payments innovation

The FCA's reviews of the current account market show that incumbent firms make money from a combination of high, sticky customer deposits, overdraft fees, interchange fees and other fees and charges[69]. The model gives incumbents a structural advantage in the market when interest rates rise and of recent times has helped boost net interest margins[70].

Digital challenger growth has come through mobile banking. Larger banks have adopted digital innovation in Personal Current Account (PCA) banking – led by digital challengers – and this has improved service quality for many consumers[71]. Wider digitisation and reduced branch use have skewed the competitive market in banking towards digitally-enabled people[72 73]. Higher education and income groups are both more likely to be switchers[74]. Nevertheless, for most people, incumbent banks still remain their 'main account' with digital challengers being largely secondary accounts[75].

> The structural advantage of holding deposits alongside a market which is largely digital means competition is most likely to concentrate among people who are more digitally enabled and have higher incomes.

Firms make most from customers with high, sticky balances, and those are the customers they least want to lose. But the channel through which such customers can be won or defended is now largely digital[76].

Credit and debit cards are the most popular way to make retail payments. 64% of all payments in the UK were made by card in 2024[77]. In 2023, card transactions made up 86% of the total value of retail transactions[78]. Cards are a 'must take' payment option for merchants (like retailers). Card fees increased by 25% in real terms between 2017 and 2023. While there have been innovations that have benefited card users, the level of fees charged have not been a necessary condition to support the level of investment and innovation in the card industry: increased competition would lead to more innovation to the benefit of card users[79]. Issuers (banks) drive some competition between Visa and Mastercard to secure incentives and rebates[80]. However, these usually favour issuers who have portfolios that generate higher revenues from acquirers, which usually come from higher average payment values per person[81], meaning there is potentially less competition for lower spenders.

The resilience of the card business model has slowed down innovation in alternative payments like Open Banking (where the commercial model is still being worked on). Cards are firmly embedded in the ecosystem and investment in alternatives creates costs, thus reducing their commercial attractiveness.

> The ways in which firms make money from deposits and payments reduces the incentives for both banks and card schemes to innovate in ways that help drive innovation for lower-income consumers.

The enablement of digital wallets has brought more innovation to the market. Consumers benefit from the increased convenience and the potential to also add other data and insights into a single interface. Digital wallet providers (predominantly Google and Apple in the UK) benefit from consumer attention, merchant data and a strong position as a key interface for payments.

The Competition and Markets Authority (CMA) has identified the limited competition Google and Apple face and their strategic market status in mobile platforms, meaning they have 'substantial, entrenched market power and a position of strategic significance in their respective mobile platforms'[82] [83].

This may limit their incentive to design more inclusive payments over time or offer a wider array of payment options.

The exclusion Apple applied to other apps using NFC for payments has limited alternative wallets on the Apple operating system. Apple now offers NFC access in the UK for a fee, but the CMA notes that no new products or services have launched since in the UK, and it is progressing measures to open access on fair and reasonable terms: its roadmap[84] identifies digital wallets as a priority use case and it is seeking views on the technical design and pricing of NFC access ahead of further consultation[85]. However, the scale of digital wallets means there has been little competition even on Android interfaces where the same restriction has not applied. Respondents to the joint FCA and PSR call for information on BigTech suggested that the lack of competition in digital wallets had hindered innovation which could help people. The lack of alternative payment methods also reinforces the card business model[86].

Nevertheless, mobile platforms have innovated in ways that drive payments inclusion. For instance, Apple uses open banking to enable people to see their balance before they make a payment, increasing visibility in a way that is not possible without opening a banking app when making a card payment[87]. Both Google and Apple have created operating systems that allow users to engage through simplified or modified interfaces[88] enabling greater accessibility. Use of biometrics is commonplace and certainly aids inclusion. However, for some customers they do not work consistently[89] and ageing can affect how well they work for some people. Further recent research from China also notes that older users would welcome more control over the application of biometrics when making payments[90].

The lack of alternative payment methods also reinforces the card business model.

A note on AI

Monetisation models for Agentic AI are still being worked out but the focus is on capturing value from the transaction and underlying infrastructure[91]. This often (but not exclusively) uses the existing cards infrastructure. Supplementary AI-enabled merchant services include paid for visibility in AI-driven search and recommendations[92]. Underpinning business models are similar to the ones we see today: transactions (volume/value), data-led advertising, merchant services and security and onboarding.

General AI could help people manage their money, switch and access services which better meet their needs[93]. However, the existing paid-for tiering of AI quality means those on lower incomes are more likely to access lower quality AI or models which rely on advertising or agreeing to share data. As the FCA notes, those without access to the right devices, data, or literacy may be locked out, deepening inequalities and creating a two-tier market of "human + AI" and "human-alone"[94].

In future, AI (and its value chain) is likely to have a profound impact on how firms sell products and people engage in markets. While there are opportunities for greater inclusion, the Mills Review recommends the FCA takes a more proactive role in developing a public-interest AI-enabled capability service, acknowledging high quality support should not depend solely on consumers' ability to pay for the most capable AI models or services[95].

In the next chapter, we consider how competition concentrates among those who are wealthier and the combined impact of low health and low wealth on firm incentives to serve different cohorts of consumers.

In future, AI (and its value chain) is likely to have a profound impact on how firms sell products and people engage in markets.

Chapter 5: where are firms incentivised to compete?

The impact of vulnerability on health and wealth

The FCA's work on vulnerability identifies four key drivers for vulnerability. These include health, life events, resilience and capability. People can move in and out of vulnerability and it is a dynamic state. Characteristics of vulnerability often have a downstream impact on people's physical or mental health; and their financial wealth and resilience. Stress, time pressures, pre-occupation, processing capacity, a lack of familiarity with an experience and attitudes to risk can all affect people's behaviours and decision-making[96].

The impact on physical or mental health and financial wellbeing often means people's capacity to engage in standard ways or according to the terms and conditions of a product may reduce. For instance, someone who is bereaved may simultaneously lose the income of their partner, meaning they can no longer afford shared debt repayments. While facing the mental upheaval of grief and loss (known to undermine people's mental health and capacity), they may struggle to address the problem with their bank and become more over-indebted. The stark reality of life and death may make the importance of debt repayments pale in comparison. The lack of familiarity with the situation may create a hassle too many.

In response to challenges, people exhibit new behaviours or resort to workarounds. For instance, some people who struggle with digital banking resort to sharing sensitive financial information with someone else to make banking work for them[97].

The costs of inclusion

Making changes to accommodate different needs requires variations from the mainstream products designed for the 'healthy, wealthy, digitally engaged' customer. This may reduce profitability as these variations are costly for firms to maintain and/or create and maintain. This means some people may be less well served by competition as firms rationally seek to invest where the return is greatest.

The perceived commercial value of inclusive products is low. In Chatham House discussions as part of this author's research, it was noted by staff from retail banks that it can be hard to make a business case internally within institutions[98]. Regulatory changes grab organisational attention and are prioritised above inclusion and accessibility. Fitting inclusive changes into an already busy technology roadmap is also difficult. Accessibility and inclusion are seen as features of compliance to be de-risked rather than features to compete on. Inclusion is retro-fitted later rather than part of the design[99].

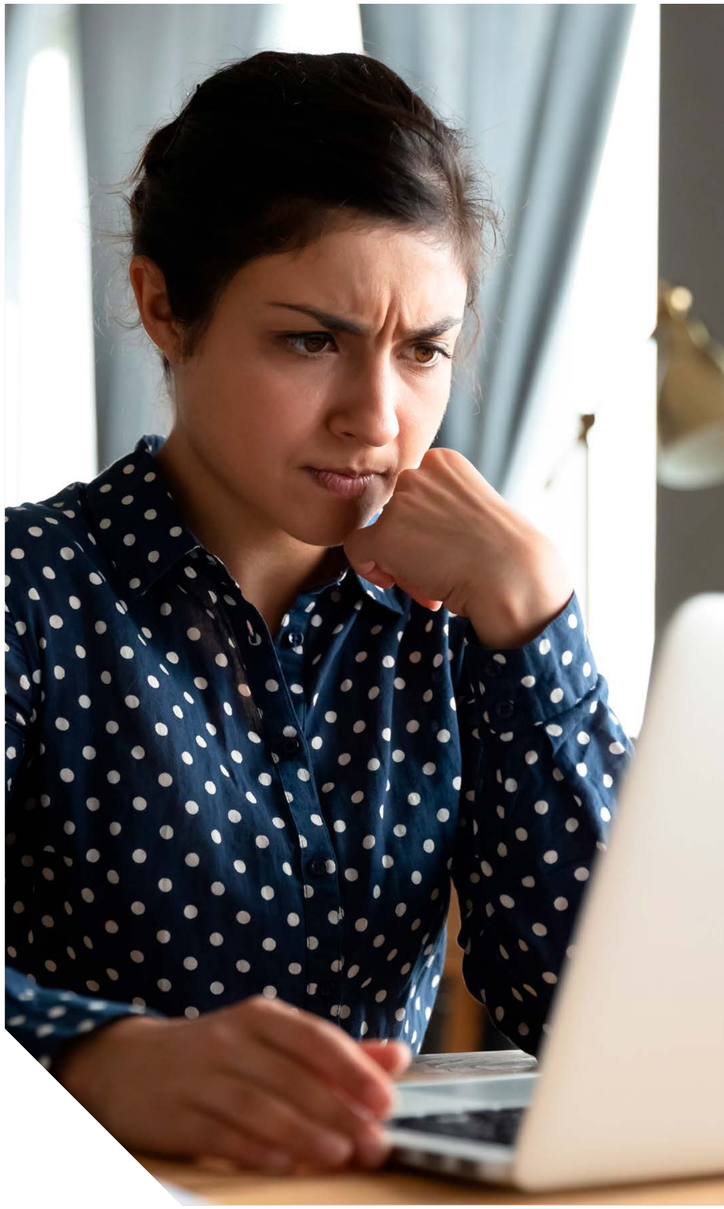
The FCA's review of how well firms are delivering good outcomes for customers in vulnerable circumstances makes the observation that most firms were unable to effectively monitor outcomes for customers in vulnerable circumstances. It notes the following challenges:[100]

- Lack of clarity on what firms consider to be good and poor outcomes.
- Poor quality or insufficient data preventing firms from effectively measuring customer outcomes, and how these differed for customers in vulnerable circumstances.
- Unclear and inconsistent approaches regarding when to act and what actions to take in response to poor outcomes for particular groups.
- Lack of engagement, challenge and direction from senior leaders.

Even where more inclusive features are prioritised and developed, they are rarely proactively marketed to consumers. In the case of the basic bank account (BBA), the FCA has reported that there's a significant risk firms will turn customers away before they can apply for a BBA. While firms can deliver good outcomes, poor practices are still widespread[101].

The belief that there is little benefit in switching[102] is borne out since people are not aware of inclusive features or how to compare them. New AI tools could improve awareness (and even in time, further reduce the hassle of switching). However, switching also entails learning a new interface, which can reduce propensity to switch.

The wider knock-on impact is also felt within the fintech community, where more inclusive products and services are available. The imperative of larger incumbents to buy their services or invest in these is limited. Their appetite to engage smaller companies which are perceived to pose a higher compliance risk is also dampened: risk appetite does not match perceived benefit.



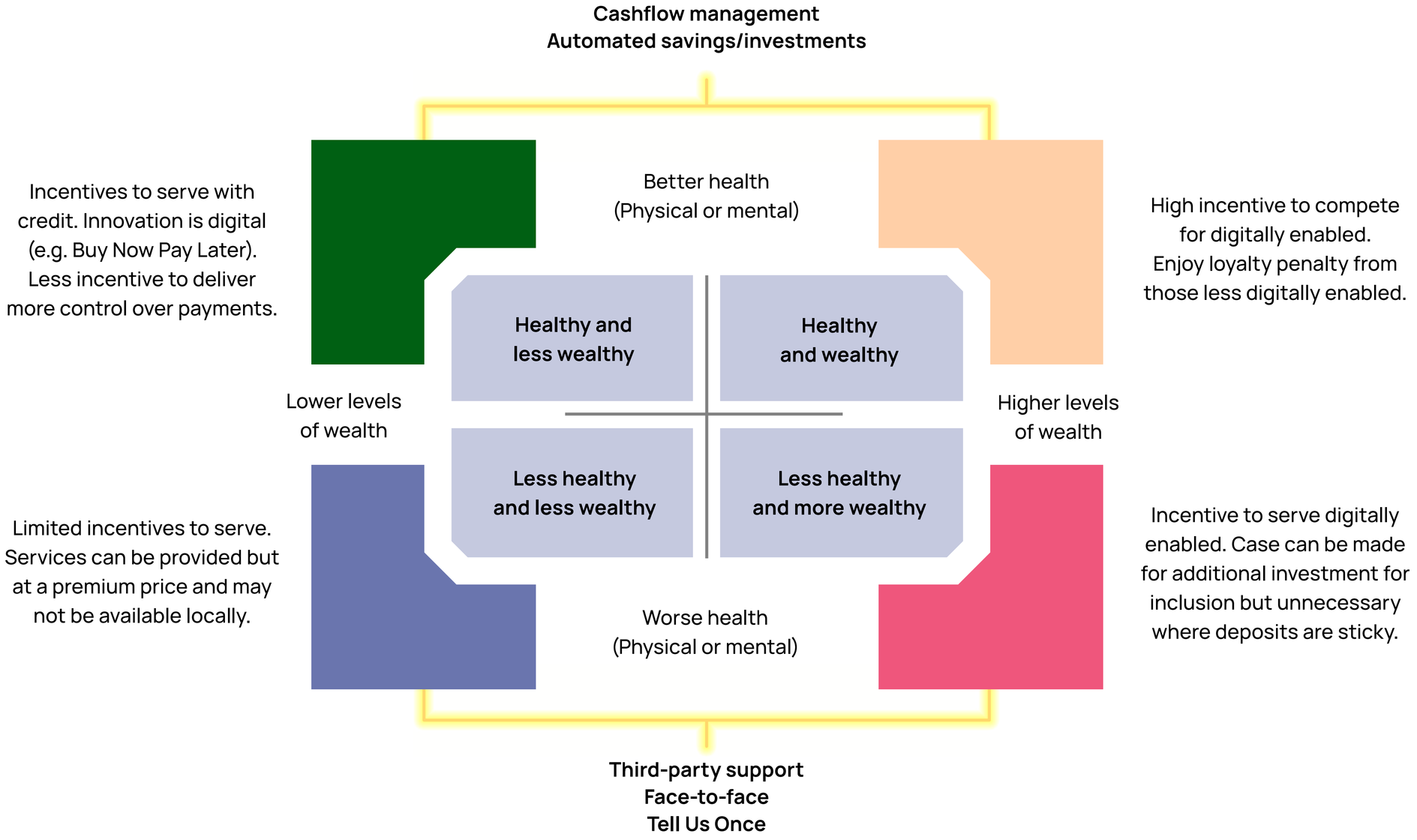
Understanding market incentives

Market incentives to invest

The extent to which markets are incentivised to create more inclusive payments can be expressed through an assessment of consumer health and wealth.

Firms tend to invest where revenue is high and costs are low. Wealth drives revenues (e.g. funding benefits and cross-selling potential). Poor health drives costs to serve (e.g. complexity and support needs).

The matrix shows 'at a glance' where firms are incentivised to innovate.



Healthy and wealthy

This group is the target market. Ideally, they have higher balances, are lower cost to serve and offer strong cross-selling potential. Digital capability rises with income and socioeconomic grouping[103]. Innovation is built to suit needs for speed, convenience and seamless journeys. The less digitally enabled minority (typically older customers with a longer tenure at the bank) are sticky and profitable and unlikely to switch[104]. Arguably, they may be more likely to write to their MP when branches close, creating a political drive for more access to banking[105].

Wealthy but less healthy

Health shocks raise the cost to serve, but high balances may still justify investment in more inclusive products for this group. Wealth buys consumer resilience: it is strongly associated with higher education[106] and social capital[107]. The digitally enabled can adopt accessibility features or AI-based support while the less digitally enabled might pay for advisers[108] or draw on well-connected networks to navigate the system for them.

Healthy but less wealthy

Innovation follows the revenue with credit products and retailer-led options like Buy Now Pay Later prioritised over tools that offer greater control or flexible bill payment. The digitally enabled tend to be younger[109] and are more likely to use challenger banks and innovations like pots and notifications. However, making ends meet digitally can still mean daily transfers and a heavy mental load[110]. The less digitally enabled fall back on cash budgeting and standard credit, where the poverty premium begins[111].

Less healthy and less wealthy

The commercial case is weakest where inclusive innovation would help most. Low, volatile incomes offer little funding benefit, and poor health raises cost and complexity to serve. Even the digitally enabled may struggle with device affordability and consistent data[112]. Less digitally enabled may have access but they may pay more (e.g. poverty premium).

The matrix provides an 'at-a-glance' way to identify the types of incentives that firms have to compete for different types of consumer cohorts. Where there is less rational incentive to invest, digital payments do not develop to meet needs.

Looking more closely, there are overlaps in needs that firms can exploit, when they are minded to. The halo effect means that when firms innovate to suit the needs of less wealthy, less digitally enabled customers, these can also benefit wealthy and digitally enabled customers. People in all segments require help with cashflow management. And those in the bottom right as well as the bottom left would welcome trusted Third-party Access, face-to-face services and would also benefit from being able to signal their need through a Smart Data-enabled Tell Us Once facility. Designing inclusively is likely to create wider benefits for society.

In the next chapter, we consider who is responsible for delivering digital payments inclusion.

Chapter 6: who is responsible for digital payments inclusion?

The government is ultimately responsible for financial inclusion in the UK. However, it is not in statute, meaning that financial inclusion relies on the government of the day. The current government expects to play a convening role and set direction but notes that progress depends on harnessing the strengths of the wider ecosystem[113].

The limits of current regulation

Legislation specifically excluded financial inclusion from the remit of the FCA during the passage of the Financial Services and Markets Bill in 2023, on the basis that it was a wider social policy issue and that the FCA could promote financial inclusion, where appropriate, within its existing remit[114]. For example, the Consumer Duty sets expectations for firms to deliver fair value and good outcomes for consumers[115]. The same Bill process led to protecting access to cash, but not access to banking. Subsequently, the Labour Government wrote to the FCA requesting it 'have regard' to financial inclusion in 2024[116] which the FCA welcomed. It uses the powers it has to drive financial inclusion. Where it does not have the relevant levers, it takes a joined-up approach with government, industry and others to drive the greatest impact[117]. It highlights that financial inclusion and financial capability are shared responsibilities, calling on government, industry and the Money and Pensions Service (MaPS) to also play their roles[118 119].

Work commissioned by Fair By Design highlighted the lack of enforcement powers the FCA has in relation to the Equality Act[120]. People with certain protected characteristics are more likely to experience the poverty premium than low income households overall. The more protected characteristics[121] they have the more likely they are to bear risk[122]. Fair By Design also highlighted the difficulties of moving financial inclusion forward when the responsibilities of different organisations are not clear[123].

Where roles and responsibilities are clear, progress can be seen. The government's action to protect access to cash has enabled the FCA to make this aspect of services a regulatory priority. In addition, the Consumer Duty and Vulnerability Guidance have allowed the FCA to highlight where firms should be doing more to support their customers and avoid foreseeable harm related to the withdrawal of face-to-face services and encourages firms to take an inclusive design approach[124]. It is world-leading in this respect.

Nevertheless, the challenges of the economic environment, the focus on the financial services market as a key industry to improving UK growth[125] and past challenges related to the New Payments Architecture[126] mean that payments regulation has been streamlined and the focus is on industry innovation that is 'commercially sustainable'[127].

The National Payments Vision identifies that a digital pound could help maintain financial stability, users' privacy and support financial inclusion. However, its development is contingent on wider trends in money and payments and is unlikely to materialise for several years, if it does at all.

Financial inclusion is cited as an aspiration within the Payments Forward Plan[128]. At the time of writing the government has issued a consultation on Modernising Payment Services Regulation noting that the opportunities of technology for delivering financial inclusion are not automatic and without careful design rapid technological change could widen existing gaps. It notes government's commitment to inclusive design and asks how reforms could support an inclusive landscape[129]. However, as yet, there is no clear roadmap to ensuring delivery of digital financial inclusion. Nor has it been clearly identified who would be responsible for designing or delivering the product schemes and arrangements that might facilitate more inclusive payments[130].

As noted above, relying on competition alone or existing regulatory powers is unlikely to deliver inclusive digital payments. Regulation is limited to access to cash and the Consumer Duty. While the Duty requires firms to deliver good outcomes for customers in their target market, it is limited to what is within the scope of the commercial imperatives of firms. They are not called on to serve consumers outside their target market, price to meet the needs of lower income consumers or ensure innovation is designed to meet their needs.

The limits of politics and commercialism

Historically, the delivery of payments inclusion provision has tended towards a patchwork of responses to a specific political or commercial moment rather than to a clear UK strategy that pursues financial resilience as part of a planned digital transition to support economic growth.

At the current time of writing, the government has commissioned an Access to Banking Review, due to report in October 2026. The Financial Services and Markets Bill includes provision that, subject to the independent review, the government will have powers to ensure communities retain face-to-face banking (particularly important for rural

communities and pensioners who are not online)[131]. This could lead to an increase in face-to-face provision (an important pillar identified in the socio-technical stack in chapter 3). However, it may not address ownership of an integrated future-facing digital financial inclusion strategy that leverages near- and next-gen technologies for cohorts of people who may be considered less commercially viable to serve. This is unsurprising, since provision has historically followed narrow political negotiation or commercial pragmatism.

Political negotiation

The Post Office is a good example of political negotiation. For much of the last century it was the key route for disbursement of welfare payments. However, as disbursements shifted to the banking sector (reducing the cost for government) and government services traditionally conducted over the counter have gone online, the commercial viability of the Post Office has come under pressure[132].

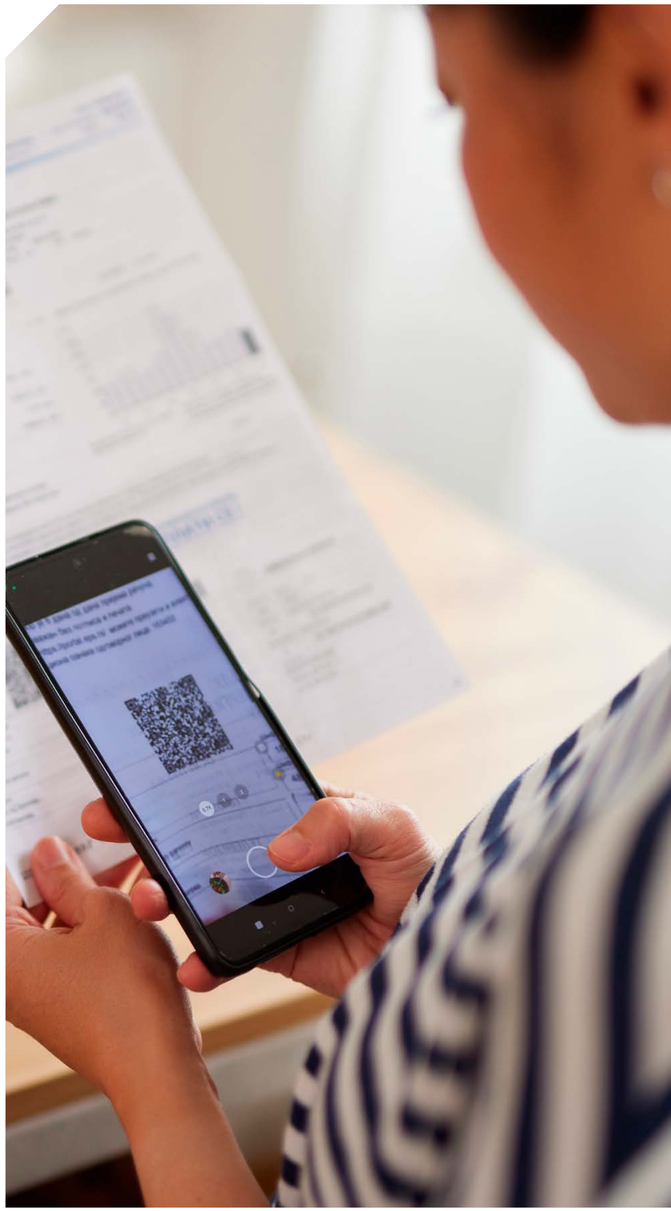
The Post Office receives a subsidy from government as a business that offers 'services of general economic interest', which cannot be served by market forces alone and requires public intervention. This includes maintaining (alongside bank support) 11,500 branches to meet access requirements as well as providing cash deposits, withdrawals and cheque deposits and account balance check[133].

The Banking Framework was put in place to further bolster the Post Office with funding from the banks. Banks pay for reach to their customers through the Post Office network, or through the provision of counter services in Banking Hubs (maintained by Cash Access UK). The Banking Framework is voluntary and due for renewal in 2030. The government expects to reduce its subsidy to the Post Office significantly by 2030[134]. In the meantime, the Post Office is piloting new multi-service community hubs, to bring in different partners on different days of the week to provide practical support (e.g. will-writing, switching and digital skills)[135] which might offer new forms of cross-subsidisation.

New entrants, like OneBanx and PayPoint demonstrate that there is potentially a contestable market to provide alternative cash deposit and withdrawal services, as well as create challenge for bill payment and associated services like parcel delivery. (However, they are not required to meet the network criteria the Post Office does).

Commercial pragmatism

PayPoint illustrates commercial pragmatism. It was set up in 1996 by a group of utility providers, BT and BBC TV Licensing[136] offering another way for people to pay their bills (including outside Post Office opening hours). PayPoint is now a listed company offering SME and retail services, an e-commerce platform, payments and banking, and rewards and prepaid savings solutions[137]. PayPoint capitalises on the incentive of payees who are willing to pay for services that help their customers pay them. For instance, Netflix (and a range of other providers) allow customers to use cash to purchase vouchers for online entertainment at a PayPoint



counter[138]; and housing associations use PayPoint services to digitise rent payments and disbursements[139], amongst other things.

Another example is OneBanx, which enables cash and coin services through innovative, open-banking enabled kiosks, an app and dedicated customer support[140]. Building Societies and Banking Hubs host One Banx kiosks and can facilitate deposits and withdrawals to a variety of banks.

Together these services demonstrate three proven funding approaches to meet the needs of more rural and/or less digitally enabled customers:

- Provider-side funding where banks build and procure services to meet customer needs (Banking Hubs, Post Office, OneBanx, PayPoint)
- Payee-side funding where those who want to be paid fund the means of payment (PayPoint)
- Government subsidy for communities that cannot be served commercially (as a public intervention) plus cross-subsidisation

However, these forms of revenue have not been sufficient to drive the necessary innovation in payments identified in earlier chapters. Government subsidy limits innovation with wider digitisation trends putting the cross-subsidisation model the Post Office relies on under pressure. Commercial viability prioritises the needs of those who pay for services.

The consequences

A lack of payments innovation has fiscal implications. The poverty premium attached to prepayment meters has long been identified. When the energy crisis led to forced prepayment meter installations and a subsequent media investigation[141], government stepped in to reduce costs. From July 2023 the Energy Price Guarantee made prepayment charges equal with direct debit, at an estimated cost of £135 million to the taxpayer[142].

From April 2024, Ofgem shifted the cost onto other billpayers. This made energy payments less cost reflective but charges more equal and equitable[143]. Earlier payments innovation[144 145] could have offered more flexible bill payment and reduced those reliant on prepayment meters, reducing costs and offering a longer term solution beneficial to all society.

The unresolved question of responsibility and lack of political leadership does not mean that the risks of the digital transition go unallocated. They shift by default to the consumers who are least well equipped to respond to them and often have the least buffer to manage their costs.

Chapter 1 identified this shift as the payments expression of the 'Great Risk Transfer'. The IFoA's campaign on the 'Great Risk Transfer' concluded that we should look to rebalance certain risks back towards institutions through structural change to markets, products and the legal and regulatory frameworks that shape them[146]. Part 3 explores what that rebalancing could look like through shared services.

Part 3:
Rebalancing risk and building resilience

Chapter 7: options for a shared services approach

Who benefits from digital financial inclusion?

Currently, the poverty premium costs the UK £2.8bn a year[147]. There is an estimated increase of £4-6bn a year in value due to 7-9m people being able to manage their finances better thanks to digital access[148]. 11m people help others undertake basic banking tasks, like checking a balance, contributing the equivalent of £4bn a year to keep the current financial system moving[149]. These groups of people stand to gain significantly from services designed to better meet the needs identified in Chapter 3. People with higher digital and financial capability saved £815 more annually than people in lower capability segments[150]. But the beneficiaries are not just end users.

Digital financial inclusion creates value across the whole payments ecosystem. A more inclusive payment system creates a wider set of commercial winners, extending reach for some (e.g. device provider, an Etsy retailer or streaming service), reducing cost to serve for others (utility company, bank). Many companies and organisations benefit from more inclusive digital payments.

This matters when we think about how we might bring to market a digital wallet like the one described in Chapter 3. No single firm captures the full value of simpler peer-to-peer payments, safer Third-party Access, a Smart Data-enabled Tell Us Once or more flexible bill payment. The value appears across users, financial helpers, utility providers, banks, merchants, digital platforms, government and society as a whole.

The diffuse benefits of payments (and data) innovation are difficult to quantify and difficult to attach to anyone's balance sheet and thus make their responsibility. The banks do not capture all the value they are asked to invest in. Companies that do benefit may be several steps away from paying for innovations that deliver greater payments inclusion.

Designing a digitally enabled future

In the past, the focus of action has usually been a specific and limited 'fix': update infrastructure, mandate delivery of basic bank accounts, a working group to address an aspect of exclusion. However, such approaches are no longer sufficient.

Updating infrastructure alone does not solve the problem. Past initiatives show that delivering infrastructure or standards where there are no incentives or mandates garners limited support which creates challenges where payments rely on network effects and ubiquity to succeed.

Delivering a product but failing to market it, or to co-ordinate its launch, can equally undermine success, as we see with Paym and Request to Pay. Infrastructure modernisation creates opportunity, but the opportunity is only realised when it is matched by industry adoption and the delivery and marketing of products at the front end that people actually want and can use. If fraud and scams continue and protection does not keep pace, disengagement from digital payments is rational.

Basic bank accounts have been successful but the lack of Key Performance Indicators (KPIs) for awareness among target groups of users means people may be unaware of them (in contrast to KPIs for the Current Account Switch Service[151]). And as noted previously, firms are not incentivised to encourage their take up or support customers with additional help with identification requirements or respond to characteristics of vulnerability[152].

Outcomes are inconsistent

Simplifying and making more accessible interfaces is important work. However, an interface can only be simplified as far as the underlying technology allows. If the authentication steps are complicated or new payee set up still requires typing in account number and sort codes, complexity persists.

Designing for a digitally enabled future requires the socio-technical stack outlined in Chapter 3: next-generation core infrastructure for clearing and messaging; the settlement, scheme and access arrangements that surround it; product schemes and arrangements co-ordinated across the ecosystem; products co-designed with the people they are intended to serve; and supporting services that help people adopt and continue to use digital payments. It requires leadership willing to recognise how people pay as a single ecosystem and to design end-to-end, rather than leaving each part to look after itself.

Delivering financial resilience

The Consumer Vision calls for a "payments ecosystem that delivers world-leading digital financial inclusion and puts people's financial resilience and wellbeing at the forefront of the UK's ambition for growth and global competitiveness." Resilience thinking distinguishes between three ways a system can respond to a shock: it can absorb, adapt to it, or transform[153].

The UK's response to the 'shock' of the digital transition has so far relied on the first two, but as the digital transition speeds up, we need to think about how we also transform.

To date we have allowed people to absorb the shock and then responded slowly and in a piecemeal way: important industry guidance on accessible cards only available several years after embossed cards started being phased out[154]; a reimbursement scheme for scams only after a super-complaint[155]; access-to-cash protections only after the branch network had significantly reduced[156]. These interventions are important but the underlying digital transition has rolled on in a predictable way, with a review into Access to Banking the next political negotiation.

Individual banks help people adapt through funding digital skills initiatives[157]. The UK Finance Inclusive Design Working Group is looking at more accessible and inclusive design. This work is valuable and must continue. In this instance, adaptation addresses the Great Risk Transfer by building people's capability to respond to the risk. However, the risk is still being transferred to them.

Both the absorb and adapt responses are necessary. However, neither is sufficient, because they do not address the underlying problems identified in this report earlier: the limits of market competition and the current limits of regulation, political negotiation and commercial pragmatism.

The speed of the digital transition forces us to think in a more transformative way about how we respond to digital payments exclusion.

Shared services offer a model for transforming our approach: building the foundations for a welcoming digital 'front door', and a route that people can take into it step by step, both now and into the future.

The digital 'front door' is a way for people to build confidence in using digital payments and banking and to stay confident when circumstances change and technology moves on (as it inevitably does).

Shared services is a term used to describe an arrangement where firms that normally compete, instead collaborate to provide a service together: a common service, standard or piece of infrastructure that no single firm could justify building alone, but that all of them and their customers benefit from.

Recognising the potential for some cohorts of consumers to be left behind by the digital transition, shared services have the potential to unlock the innovation and investment that individual firm incentives cannot, and create the conditions for payments to be designed around their needs for inclusion.

Based on the earlier analysis, such a shared service model is likely to require five conditions for success:

1. A legislative mandate which puts digital financial inclusion on a statutory footing and enables government to designate entities to deliver it over time, providing a strategic vision for its development.
2. A Digital Public Infrastructure that has digital financial inclusion as a core design principle, with a remit to ensure underlying technologies enable and enhance inclusion.
3. A designated entity or entities responsible and equipped to deliver a ubiquitously available and inclusive 'front door'. This 'front door' should enable a route in for people who are, at any given moment (now or in future) less digitally enabled, and make the most of new technologies as they become available. We have described this as an 'inclusive digital wallet' in Chapter 3.
4. A sustainable funding stream that is more equitable than a simple call on the largest banks. It should be more evenly shared across the payments value chain and should not be left to political or commercial pragmatism.
5. Key performance indicators for customer awareness and confidence, satisfaction with the service, consistency of outcomes, advertising reach and performance (building on the regulatory KPIs set for the Current Account Switch Service[158])

A shared services model sits at the intersection of Digital Public Infrastructure, which provides the rails, and market forces, which deliver the end-user experience. It creates the conduit for stepped routes into digital financial inclusion: a clear digital 'front door' which can be integrated with brick-and-mortar services like the Post Office, Banking Hubs and other front-line services.

A secondary purpose is that by ensuring this product is attractive and serves its intended audience well, it creates a benchmark for other providers so their own investment keeps up. This may be increasingly important in a market where dominant market players are difficult for new entrants to compete with.

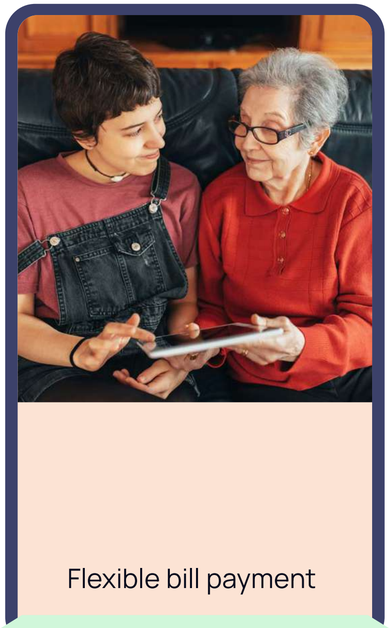
It requires leadership willing to recognise how people pay as a single ecosystem and to design end-to-end

A digital 'front door'

A simple interface everyone knows and recognises

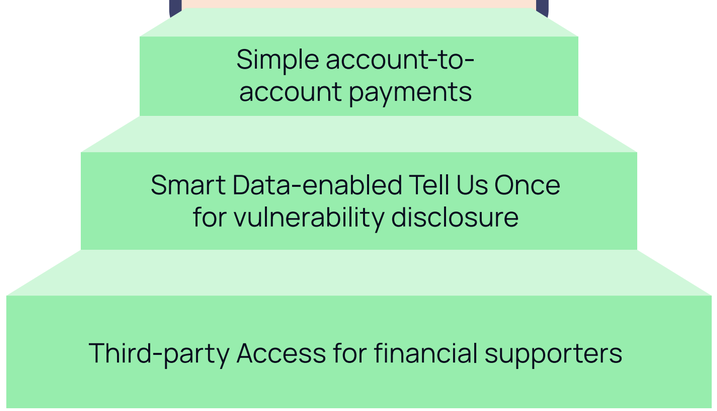
Digital Public Infrastructure

- Digital verification services
- Smart data
- Settlement and payments infrastructure
- Programmable money and assets
- Cross-border payments



Market design and leadership

- Simple interfaces
- Calm modes
- Accessible design
- Integrated support
- Digital skills and learning
- National marketing and communications



A stepped route into digital payments inclusion

A national strategy for Digital Public Infrastructure that delivers

Delivering digital financial inclusion requires a mix of mandate, incentives and co-ordination at the infrastructure layer. This report does not assess which entities might be best placed to lead or co-ordinate activity but notes that digital financial inclusion must be embedded within multiple layers of an ecosystem (e.g. co-ordinating body, payment system operator, product provider) or bind entities in such a way that they lean in to support the co-ordinated delivery of digital financial inclusion.

The technologies underpinning an inclusive 'front door' are near- and next-gen technologies and could be co-ordinated through existing mechanisms such as the National Payments Vision, Smart Data Strategy, and initiatives promoting the development of digital verification services and sustainable and responsible AI.

The FCA identifies a global move away from monolithic infrastructure towards a landscape of Digital Public Infrastructures (DPIs) supporting sovereign programmable financial stacks[159]. The FCA notes the UK's approach moves across five interlocking layers: digital identity, smart data, settlement and payments infrastructure, programmable money and assets and cross-border interoperability[160].

Improving co-ordination of these layers, in support of a vision that specifically identifies financial wellbeing and resilience and pro-actively facilitates the end user needs identified in Chapter 3, would be a significant step forward.

For instance, prioritising industry activity which facilitates a Smart Data-enabled Tell Us Once would unlock regulatory resources that support its development.

It would also be proof of a genuine solution that could operate across sectors to the benefit of many, and deepen the practical capabilities of attribute sharing from a digital wallet, raising the bar for existing wallet providers and operating systems. Enabling consumers to proactively share their data, signal a need or intent and have it accepted by an organisation would move Open Finance to next-gen data-sharing[161]. Designing for inclusion would create downstream benefits beyond the original purpose[162].

Requiring firms to invest in such schemes but allowing them to also capitalise on the same technology to achieve other, more commercial outcomes offers opportunity for both inclusion and growth.

A digital wallet as an inclusive 'front door'

One means of focusing industry's innovation efforts on this agenda would be an inclusive digital wallet: a dedicated product, built on the technology stack the FCA describes, ensuring that payments inclusion is made a reality while also facilitating the build of new functionality that can be commercialised in other ways. A wallet is not the only expression an inclusive 'front door' could take but it could be a concrete focal point that turns five abstract layers of infrastructure into a product someone can hold in their hand. It would give industry, regulators and civil society a genuinely shared objective to design and deliver.

Payments is a system that everyone in the country touches, most days of their lives. The UK has experience of shared payments capabilities and standards, like Open Banking, LINK and CASS that give it world-leading status, delivering a step change in consumer empowerment and access. A socio-technical stack that delivers genuinely last-mile payments inclusion would be world-leading again. It would also demonstrate that the digital transition can be shaped for the good of society, rather than something that merely happens to it.

The 'digital wallet' imagined in Chapter 3 would enable people to add functionality, step by step, as they become more confident. In practice, a shared service digital wallet could be formulated in a variety of ways and further work would be required to co-design what is most needed and attractive with target groups of consumers.

Key challenges identified for any such initiative include ensuring that people do not feel it is a poor person's product and that it continues to improve rather than getting stuck in a compliance ghetto. Building in levers for continued improvement, innovation and contestability are therefore important considerations.

Working with consumers to co-design the services would be essential for consumer adoption.

A wallet is not the only expression an inclusive 'front door' could take but it could be a concrete focal point that turns five abstract layers of infrastructure into a product someone can hold in their hand.

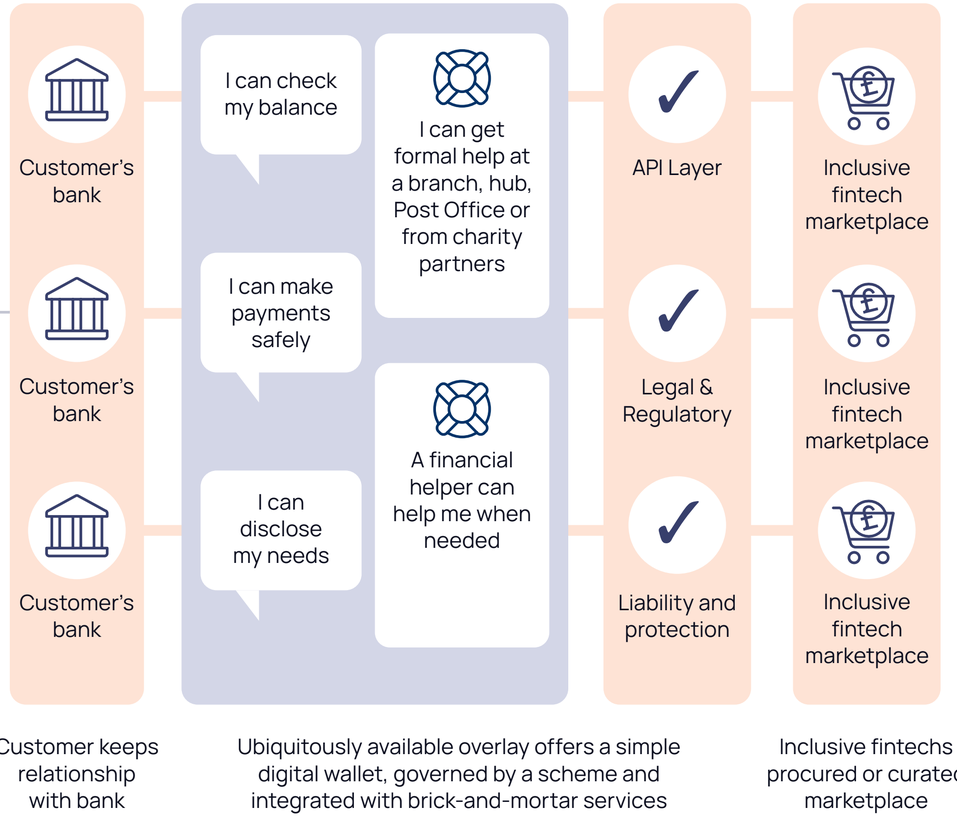
Options for delivery of a digital wallet include:

1. **A Simple Standard:** a banking interface provided as an option by all existing Payment Service Providers (PSPs) (over a certain size) to all customers who want and need a simpler interface. It would adhere to and report against a set of standards established by a convening body. This option could be mandated by regulators, marketed by companies and assessed against awareness and take up by KPIs (as the Current Account Switch Service currently is). Periodic reviews by the co-ordinating body would require innovation updates on a comply or explain basis.

2. **A Simple Overlay:** an interface provided by an independent organisation but which allows consumers to connect their existing accounts with PSPs to a digital wallet that has a simpler interface. This option enables a co-ordinating body to procure parts of the service periodically encouraging competition among fintechs and spurring innovation and service improvements. Linking this option with a sandbox facility and the potential for beta-testing, would enable fintechs that would otherwise struggle for distribution, to access niche markets at greater scale. Over time, this could support a wider marketplace for inclusive fintechs. (Complexity may ensue, so this particular aspect would need further consideration.)

3. **A National Digital Wallet:** a dedicated digital wallet, provided by an entity, backed by government, enabling disbursements (and potentially other government services) to be connected with basic digital banking services. This wallet would be the natural distributor for a UK digital pound. It could be a mandated pre-load on all mobile devices sold in the UK and the default option, unless someone chooses an alternative. It could be marketed as per option 1, meeting regulatory awareness targets. It could be interoperable with existing PSP accounts. In this way it may offer some challenge in the digital wallet market, and raise the bar of services provided. Procuring modules of the wallet from fintechs or a periodic review would ensure the wallet gives people access to innovation on terms that they can manage.

Designing for inclusion through a shared digital wallet



As noted above, putting digital financial inclusion on a more secure footing requires consideration of mechanisms to incentivise action and funding streams that are more equitably shared. In the next chapter, we explore this further.

Chapter 8: considerations for incentivising and funding digital financial inclusion

Aligning incentives through reporting and accountability

Previous experience shows that simply mandating solutions is not sufficient to engender industry support for their delivery, especially where they increase costs and do not drive revenues. Culture plays an important role in setting expectations and creating the environment and attitudes within which inclusion can be successfully delivered and the required transformation take place.

Culture follows from what gets measured and disclosed. The recent Treasury Select Committee inquiry into the HM Treasury Financial Inclusion Strategy noted the importance of setting firm-level financial inclusion metrics, designed to assess whether progress is being delivered consistently across firms and sectors[163]. Linking corporate governance to the delivery of a digitally and financially inclusive society could reshape expectations.

The Fair Banking Act, advocated for by a coalition of 35 organisations across civil society, builds on the success of the US Community Reinvestment Act to offer up a potential solution. Firms would disclose their performance on financial exclusion in a transparent, publicly available data disclosure framework, supported by a ratings system showing which banks are doing well and which are not. The Act's primary aim is to extend affordable access to credit and improve investment in community finance organisations, but the concept could be expanded to cover access to banking and digital financial inclusion. Firms that can demonstrate direct provision, investment and partnership with community organisations or fintechs enabling inclusive services could benefit from improved ratings[164].

Combining digital financial inclusion in payments with affordable access to credit for people with thin credit files and the government's Help to Save programme would create a more rounded and inclusive service. There is opportunity to look more holistically at the banking needs of people on low and variable incomes, designing dedicated services which sew up the patchwork of government disbursements, bill payment, peer-to-peer payments, access to low-level credit and savings incentives.

Improved reporting could in turn feed more formal Environmental, Social and Governance metrics. Performance against transparent inclusion KPIs could then be linked to executive variable pay through the non-financial criteria that remuneration rules already require

firms to apply[165]. Making delivery of a more inclusive society part of the self-interest of those who influence where firms invest aligns personal and corporate incentives with wider societal benefit.

Funding for the infrastructure

In July 2026 the Payments Vision Delivery Committee (PVDC) published an update on roles and responsibilities in the future retail payments ecosystem[166]. The document is a framework to guide engagement rather than a statement of policy, and is careful not to prejudge future work by the Treasury and the UK authorities. However, it suggests that

core infrastructure is run as a utility, managed by a single scheme operator which develops and maintains a single scheme, with final settlement in central bank money at the Bank of England. Product level arrangements (see end note for definition[167]) are expected to facilitate payment journeys. The update suggests that commercial arrangements underpinning the infrastructure and product level arrangements across the ecosystem should be consistent with wider objectives including supporting inclusion and good outcomes for customers with vulnerable characteristics.

By way of summary, it may be possible to infer that PVDC envisages a utility operator reinvesting surplus in innovation for new payment journeys, and commercial arrangements which would support inclusion. This is welcome but the document specifies neither a mechanism nor accountability for delivery. The framework creates the space for inclusive infrastructure to be funded but it does not yet ensure that it will be.

A legislative mandate which delegates power to the Bank of England and FCA to ensure the framework does deliver the inclusive infrastructure and product arrangements required would create the necessary impetus for change. The expectation would become an obligation with a clear entity or entities responsible for its delivery.

Funding for the interface

Commercial and public funding akin to that set out by the PVDC can be reasonably expected to deliver the underlying technology needed for an inclusive digital wallet. However, funding is still required to ensure the downstream delivery of an inclusive digital 'front door', integrated with brick-and-mortar services.

Additional funding could be drawn from a range of sources:

- Commercialisation of functionality used in the digital wallet expanded to other services (e.g. smart data services and verified attributes) could be used to offset the costs of delivery.
- A broad-based ecosystem levy across the payments and data value chains (e.g. payments, digital wallets and in-scope API calls) could follow precedents, such as the Money and Pensions Service levy.
- FCA enforcement fines. Under the Financial Services Act 2012, the FCA must pass on enforcement fines to HM Treasury net of its own costs. In 2024/2025 this amounted to £104.7m[168]. Directing these monies to digital financial inclusion would arguably better reflect the harms that gave rise to the fines in the first place.

Other more radical approaches might include seigniorage from the creation of a central bank digital currency such as the digital pound[169] or a levy reflecting reserve income commercial banks earn at the Bank of England[170].

Traditionally, responsibility has fallen to incumbent banks to fund financial inclusion. However, commercial payment system operators have been successful in growing profits and increasing their dominant position. Dominant wallet providers benefit from an additional surface to secure consumer attention, merchant data and cross-selling opportunities. Credit reference agencies that increasingly depend on transaction data for credit scoring, data brokerage and other data intermediaries also gain from digital payments.

Given the diffuse benefits of digital payments inclusion, widening the net of organisations to fund its delivery would significantly reduce the individual cost burden for firms. A better understanding of the payments and associated data value chains could point to other funding streams for payments innovation.

Overall, we do not recommend any particular route in this paper. It is clear, however, there are many options for fund raising and there are surpluses within the system that can be used to deliver more inclusive payments. Sharing the burden of costs more fairly among those that benefit from digital payments democratises the funding call for digital financial inclusion and puts it on a more secure footing. Examining these options is worthy of further research.

Funding is still required to ensure the downstream delivery of an inclusive digital 'front door', integrated with brick-and-mortar services.

Chapter 9: Conclusion: where next?

We are at a pivotal moment of change in the UK. The technology stack we expect payments to rely on in future years is being built and designed today: new digital verification services and digital IDs, smart data schemes, payment and settlement rails, programmable money and cross-border payments, agentic and other AI.

Concurrently, the government has launched a National Payments Vision, Smart Data Strategy, Digital Inclusion Action Plan and a Financial Inclusion Strategy. Together, these various documents reach for something better but they lack the levers and accountability to deliver digital payments inclusion in a co-ordinated way over time.

The growth of technology is exponential and the UK is at risk of leaving cohorts of people and SMEs behind. The Connection Project has clearly identified the challenge and the options for a digital future before us:

- The fragmented digital nation: digitisation by drift.
- The state controlled digital nation: digitisation by mandate.
- The co-ordinated digital nation: shared foundations and distributed delivery.
- The universal digital nation: designed for everyone, by default.

They note we are at risk of "digitisation by drift" and a "fragmented digital nation"[171].

The Access to Banking Review and the consultation on Modernising Payment Services Regulation provide timely opportunities for legislative and regulatory change. Now is the time to identify the required ownership of an integrated future-facing digital financial inclusion strategy that can truly deliver for everyone.

This paper has outlined the challenges people face, the commercial realities that lead to those challenges, and the need for us to move from an 'absorb' and 'adapt' approach to one of 'transformation' that builds the UK's financial resilience.

We need to create:

1. A legislative mandate which puts digital financial inclusion on a statutory footing and enables government to designate entities to deliver it over time, providing a strategic vision for its development.
2. A Digital Public Infrastructure that has digital financial inclusion as a core design principle, with a remit to ensure underlying technologies enable and enhance inclusion.
3. A designated entity or entities responsible and equipped to deliver a ubiquitously available and inclusive 'front door'. This 'front door' should enable a route in for people who are, at any given moment (now or in future) less digitally enabled, and make the most of new technologies as they become available.
4. A sustainable funding stream that is more equitable than a simple call on the largest banks. It should be more evenly shared across the payments value chain and should not be left to political or commercial pragmatism.
5. KPIs for customer awareness and confidence, satisfaction with the service, consistency of outcomes, advertising reach and performance (building on the regulatory KPIs set for the Current Account Switch Service[172]).

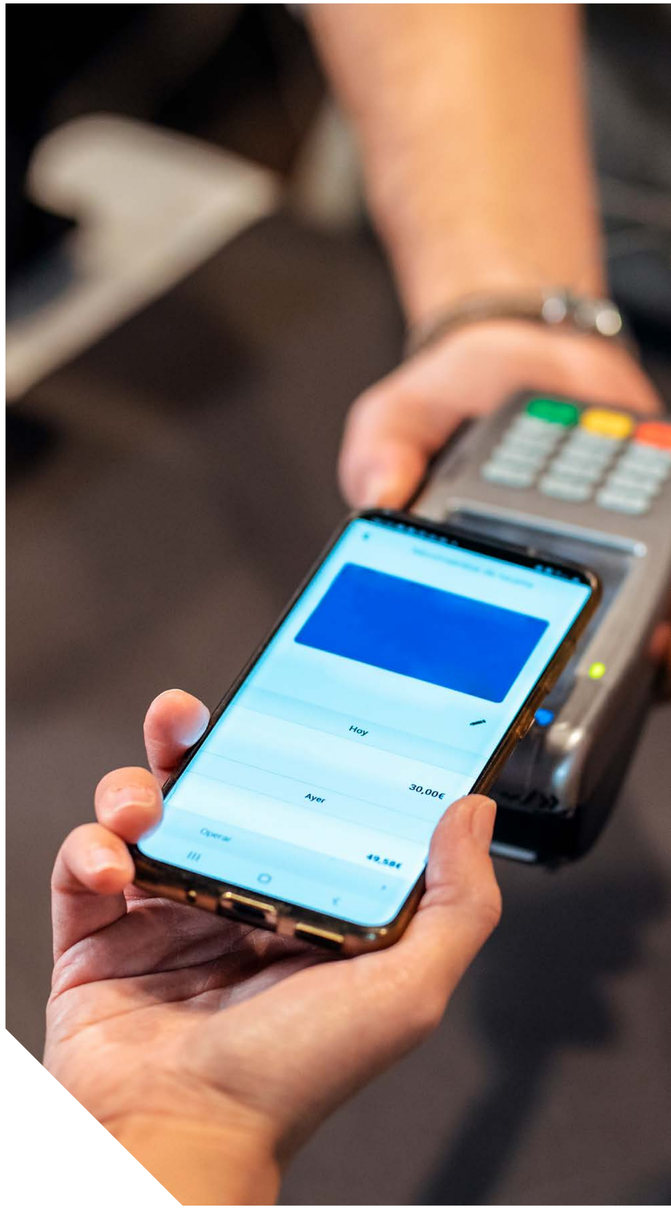
To move this dialogue forward we need:

1. Government and regulatory acknowledgement of the need for more transformational thinking that meets the challenges of the speed of the digital transition and builds UK resilience. This should be coupled with designated leadership to enable the strands of various government strategies to be better leveraged for joined up change.
2. Consumer and behavioural research to understand what people need and want from a digital 'front door' and how this might be best delivered in practice, bearing in mind motivations, capability, confidence and trust. This should result in a clear theory of change which identifies the products and services required for a pathway to achieving adoption and inclusion.
3. An economic study outlining the costs of setting up a shared service digital 'front door' and the best approach to funding its delivery.
4. A technical proof of concept for a digital 'front door' which brings together the different elements of the UK's emerging 'tech stack' and outlines scheme governance and liabilities. This could build further on the work being done by the Centre for Finance, Innovation and Technology on Supported Payments.

Chapter 1 described the payments expression of the Great Risk Transfer: as institutions have digitised, the costs and risks of the transition have shifted, by default, onto the people least equipped to bear them. The question this report leaves is how the UK now chooses to respond to the speed of the digital transition underway.

We can continue to absorb the technology shock, slowly, piecemeal, patching each harm after it surfaces. We can ask people to adapt, carrying the burden of change themselves, with support where they can find it. Or we can transform: rebalancing risk back towards institutions, as the IFoA urged, through a legislative mandate, an entity responsible and equipped to deliver, a fair and sustainable funding base and a welcoming digital 'front door' that people regard as one of the benefits of living in the UK.

If we want to deliver a National Payments Vision that "benefits us all, including those with varied needs", we will need to transform our thinking and our culture to match.



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