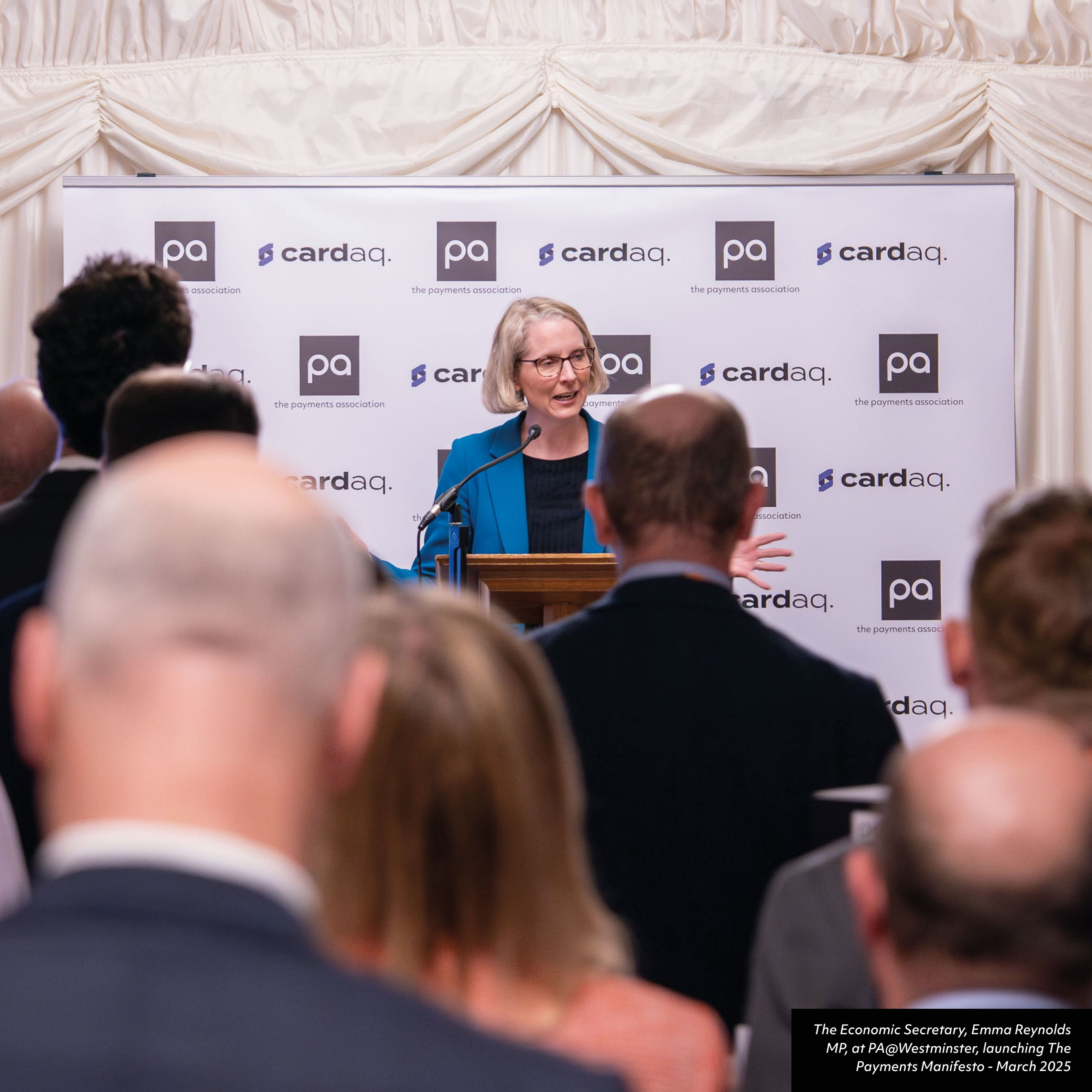
the payments association

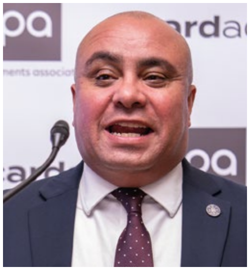
Making Britain a Payments Powerhouse

The Payments Manifesto 2026



The Economic Secretary, Emma Reynolds MP, at PA@Westminster, launching The Payments Manifesto - March 2025

Foreword



I am honoured to provide the Foreword to this *Payments Manifesto 2026 "Making Britain a Payments Powerhouse*", a document that aligns with the government's ambitions to foster innovation, deliver sustainable growth, and strengthen economic resilience. The payments industry is a vital enabler of our economy, supporting businesses, protecting consumers, and ensuring that the UK remains at the forefront of global financial services.

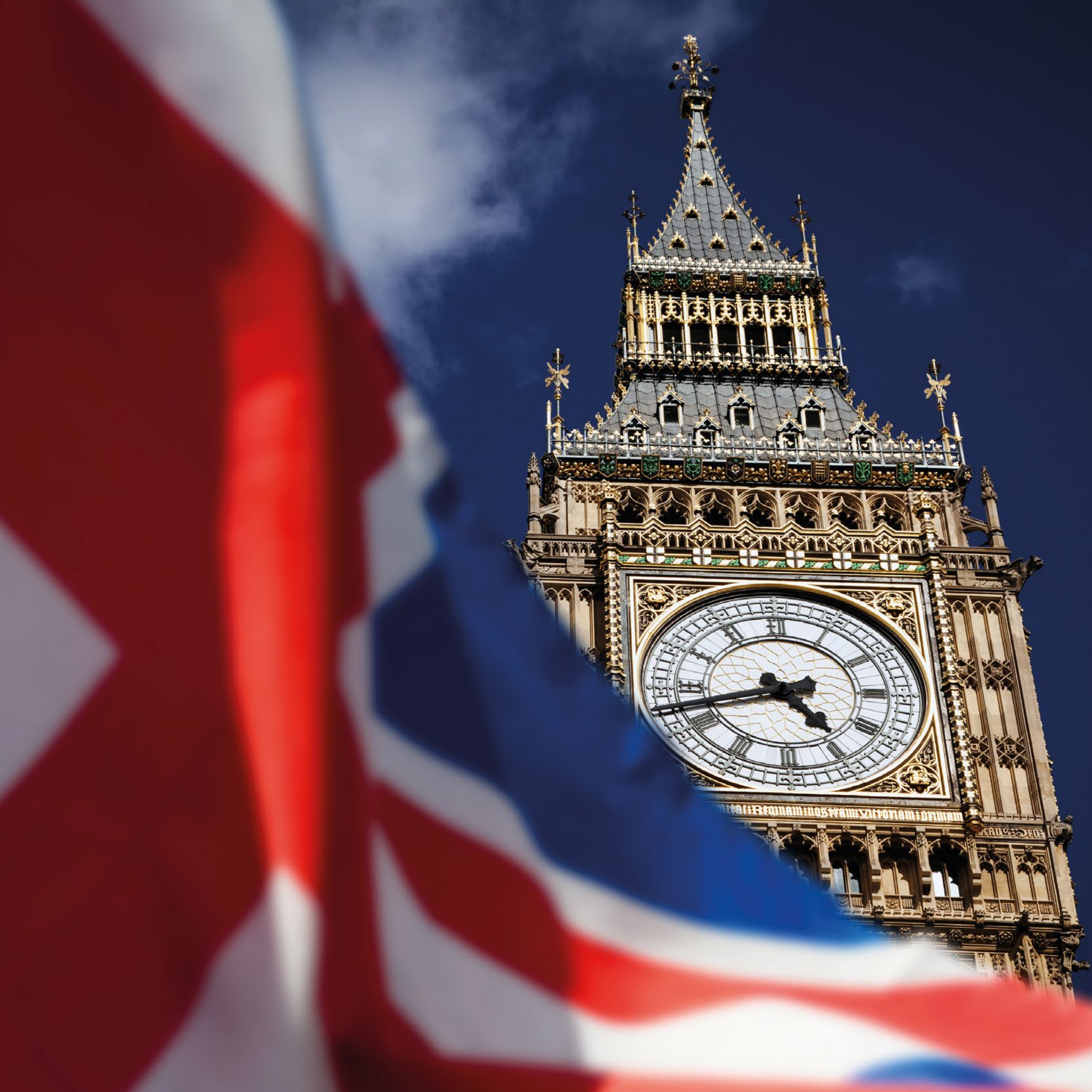
The priorities set out in this Manifesto are of national importance. From tackling economic crime and advancing financial inclusion to unlocking the potential of open banking and digital currencies, the policies outlined here demonstrate how innovation and regulation can work hand in hand. By protecting consumers while enabling enterprise, we can create an environment where businesses thrive, individuals are empowered, and investment is drawn to our shores.

What makes this Manifesto particularly powerful is its collaborative spirit. The Payments Association brings together expertise and perspectives from across the sector, working in partnership with policymakers to shape solutions that are both ambitious and practical. This inclusive approach reflects the very best of how government and industry can work together in pursuit of shared prosperity.

I am confident that the vision set out in this *Payments Manifesto 2026* 'Making Britain a Payments Powerhouse', will not only support the UK's economic stability but also secure its continued leadership in the global payments landscape.

David Burton-Sampson MP
Member of Parliament for Southend West and Leigh, Chair of APPG Open Banking & Payments

Contents



INTRODUCTION:
A defining year for UK payments

Today, the UK payments industry stands at a defining moment. Our sector has never been more central to the daily lives of consumers, the competitiveness of businesses, and the resilience of the wider economy. We are entering a period where the pace of technological innovation, the scale of regulatory reform, and the expectations of customers are converging to reshape the payments landscape.

On the one hand, we see unprecedented opportunities: the continued rise of digital wallets, the mainstreaming of biometrics, and open banking and variable recurring payments are opening up new ways for people and businesses to transact, with speed, flexibility, and security. Additional forms of financing, such as buy now, pay later, and frictionless in-store and online experiences, are redefining commerce, while infrastructure investment is ensuring that the UK remains globally competitive.

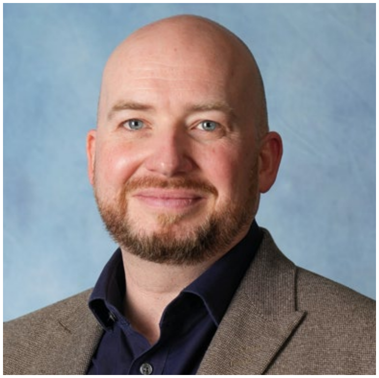
On the other hand, the responsibilities of our industry are growing. From May 2026, stricter safeguarding rules will hold firms to the highest standards of trust and accountability. Regulatory reform, including the transfer of powers from the Payment Systems Regulator to the FCA, will demand clarity, collaboration, and consistency in execution. At the same time, operational efficiency, fraud prevention, and risk management must remain core priorities as we balance innovation with resilience.

Cash use will continue to fall, yet the importance of inclusion, access, and consumer protection will only increase. Our industry must ensure that no one is left behind in this digital shift.

This manifesto is therefore both a call to action and a commitment. A call for collaboration, across regulators, providers, and innovators, to build a payments ecosystem that is open, competitive, and globally leading. And a commitment to the public that payments in the UK will remain safe, simple, and secure, whatever the method, wherever the transaction, and whoever the customer.

2026 is not just another year in our industry's journey. It is the year in which we collectively define the future of payments in the UK.

Ben Agnew,
CEO, The Payments Association



the payments association

Payments infrastructure: the path to better payments

By **Tony Craddock**, *founder*, *The Payments Association*

Progress is being made

The UK's National Payments Vision highlighted that the underlying infrastructure upon which payments depend needs to be both upgraded and replaced. In 2025, a new Retail Payments Infrastructure Board (RPIB) was formed to guide this work, building on the success of a solid, mature and cost-effective payment system, card payments.

A new industry-led Delivery Company was also conceived to design, procure and implement the new infrastructure, possibly with a new operating model. At the same time, Pay.UK was charged with enhancing the existing inter-bank payment systems. By the end of the year, HM Treasury will produce a Payments Forward Plan that sets out initiatives across retail and wholesale payments, including the role of digital assets, in the years ahead.

So far, so good. But a plan alone is not enough. It needs support.

Supporting the plan

To deliver real-world outcomes, every part of the payments industry must get behind the Payments Forward Plan. Financial institutions, fintechs, merchants and innovators are the actors that will build, test, launch and scale the capabilities that carry us forward. They will deliver highly resilient services using both proven and cutting-edge technologies, from AI-enabled fraud detection to cross-border digital asset interoperability and ESG-aligned payment rails.

Will the industry support the plan? That depends on whether the government and regulators give us the agency we need.

Give our industry agency

The payments industry is prepared to lead the delivery. We have the experience, the people, the investment and the ideas. What we ask for is not control, but agency. We need the capacity to make choices and act independently, even if the outcomes are not fully in our control.

We may not own the vision, but we need the freedom to choose whether to get on board, when to get off, or whether to take another path. We need self-determination over how we achieve the vision and deliver the strategy, backed by confidence of the authorities. Armed with agency, within a stable regulatory and strategic framework, we will ensure our infrastructure works for businesses, merchants and consumers who depend on transparent, fair and resilient payment systems.

What we ask from the authorities

We have four requests of HM Treasury, the Bank of England and Parliament:

1. Mandate the new Delivery Company with a clear public-interest mission embedding financial inclusion, ESG principles, fraud prevention (rather than just reimbursement) and resilience by design into its objectives

2. Replace the outdated EU-based licensing regime for PIs and EMIs with full Part 4A FSMA authorisation

- This is the same framework used for banks, insurers and investment firms. If a tiered licensing model were introduced, with lighter requirements, exemptions and proportionate accountability, it would make the UK the most attractive place in the world to build and scale a payments business

3. Re-evaluate the role of legacy payment instruments such as cheques and cash to release investment into new technologies that will take the country, its citizens and the economy forward.

4. Create favourable investment conditions, including retaining the Enterprise Investment Scheme

We welcome the appointment of the Bank of England to chair the RPIB, with the FCA providing continuity in payments expertise. But we do not need heavy-handed micromanagement. We need policy-driven, outcome focussed, proportionate oversight as promised in the FCA's Five-Year Strategy. That means providing us with strategic guardrails instead of prescriptive rulebooks, clear accountabilities with room to innovate inside safe boundaries, and faster regulatory approval processes for critical infrastructure changes.

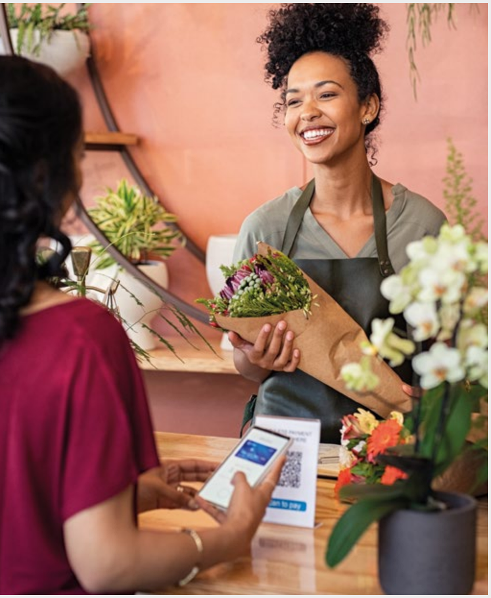
It's time to pass the baton

The FCA and PRA must act as navigators, not backseat drivers. This is not a race, it is a relay. The public sector is passing us the Forward Payments Plan. The payments industry must now run with it, fuelled through enabling regulation and accountable leadership.

If this is done right, we will create a payments infrastructure that drives UK growth, champions fair access and restores global leadership, ensuring the UK keeps pace with bold moves in the EU, US and Asia.

PA@Westminster March 2025

> "The FCA and PRA must act as navigators, not backseat drivers. This is not a race, it is a relay."

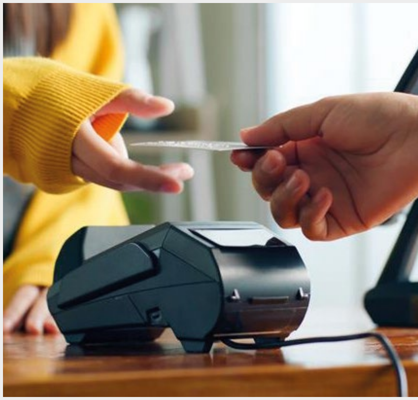


Our community's policy areas

Our community has identified a series of policies that will support the government's growth. They align with the eight stakeholder working groups of The Payments Association and cover:

1. Financial inclusion
2. Financial crime
3. Digital currencies
4. Open banking, finance, and data
5. Regulations, standards, and compliance
6. Cross-border payments
7. Environmental, social and governance
8. Merchant payments

Over 150 of our members participate in the working groups, and these policies have been developed, fine-tuned and approved by them. By generating policy in such a bottom-up way each year, our community can focus on sharing these policies and encouraging others to adopt them in the most effective way.



1 Financial inclusion

We are committed to being an industry that takes its impact on society seriously.

Our priorities are:

1.1 Work closely with the government to inform the National Financial Inclusion Strategy and National Payments Vision to ensure that the two policies align and that they advocate for the promotion, expansion and creation of financial products and services that will support the inclusion of the 0.9m adults that the FCA's Financial Lives Survey found that were still unbanked in 2024, and the 31% of adults who had issues accessing financial services.

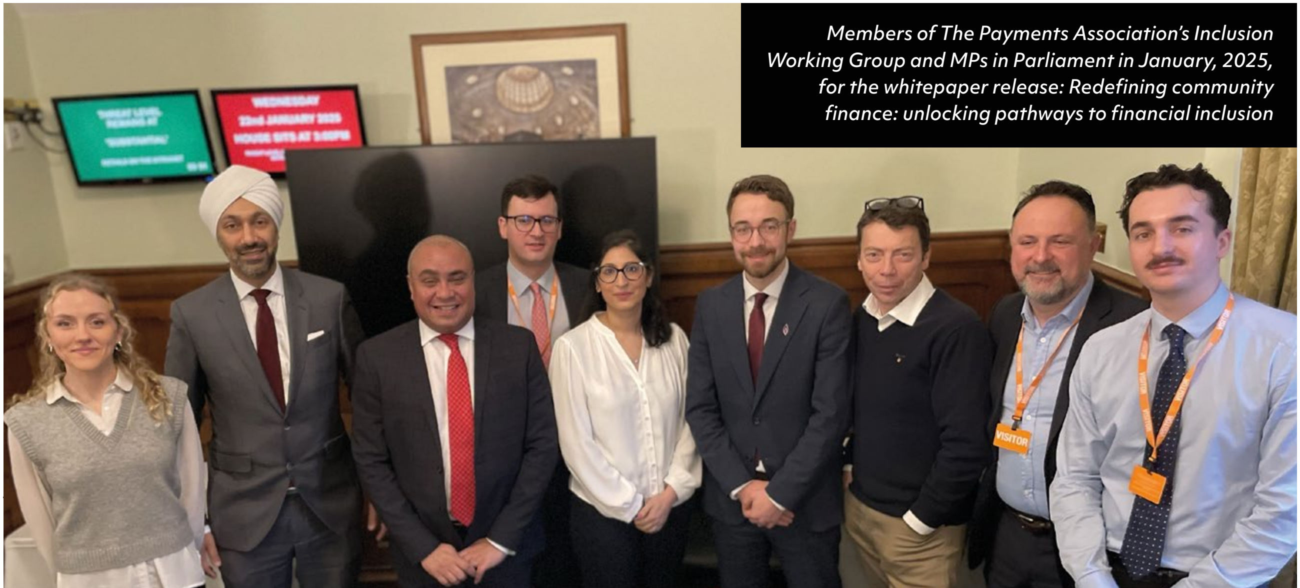
1.2 Encourage policymakers and regulators to create the right ecosystem to support innovation, investment and resources for financial inclusion services under a model that promotes the involvement of innovators in partnership with the third sector. Industry-led innovation is a platform for enhanced and new payment services that meet and support consumers' changing values and needs, inclusive of faith, ability, sexuality, gender and race. Having inclusive design at the heart of digital financial products and services is a key opportunity to improve accessibility and reach of mainstream financial products.

1.3 Work towards improving consumer trust in digital financial products and services through championing a holistic approach to lifelong financial education, and raising awareness of the available options for financially excluded consumers.

1.4 Promote awareness of the challenges and opportunities for financially excluded consumers of adopting or accessing appropriate digital payments products and services. In doing so, support industry discussions on solutions to help them to overcome barriers so that all of society benefits from being part of a digital economy.

1.5 Acknowledge that some consumers and retailers prefer to use and accept cash and that, for many, cash remains the most appropriate way to pay and be paid. Promote the continued growth of digital payments solutions and digital financial inclusion alongside cash use to avoid any consumers being left behind.

1.6 Position financial and digital literacy as a core national competency, embedded in the UK curriculum from primary school onwards. A modernised programme should equip young people with practical skills on payment methods, online safety, digital identity, fraud prevention, and responsible credit use — reducing vulnerability and building long-term inclusion and resilience.



Members of The Payments Association's Inclusion Working Group and MPs in Parliament in January, 2025, for the whitepaper release: Redefining community finance: unlocking pathways to financial inclusion

2 Financial crime

We are committed to tackling weaknesses identified in payments that enable criminals to commit fraud or other economic crime and launder the proceeds.

Our priorities are:

2.1 A whole ecosystem approach to economic crime
Building on the Online Safety Act and the Online Fraud Charter, advocate for a UK-wide shared responsibility framework where liability should be shared proportionately amongst stakeholders based on fraud origination data. This should be led by the Home Office, involving government, regulators, tech platforms, banks, PSPs, telcos, and consumer groups. Building on models from Singapore and Australia, this approach would include coordinating real-time fraud prevention efforts and aligning accountability across sectors. This incentivises fraud prevention across all parts of the ecosystem.

2.2 Assigning responsibility to social media companies
The existing Economic Crime Levy should be extended across the whole ecosystem to include social media companies, building on parliamentary recommendations and global precedents. This would be in addition to social media companies implementing robust, KYC controls for advertisers. These companies must share responsibility in a genuine ecosystem approach to fraud prevention. Social media companies must not only contribute to the Economic Crime Levy but also adhere to the commitments outlined in the Online Fraud Charter and the safety duties mandated by the Online Safety Act, including advertiser verification and fraud detection protocols.

2.3 Intelligence sharing
Advocate for legislation that enables standardised data sharing across stakeholders, addressing existing fragmentation caused by multiple industry initiatives such as the NCA's Data Fusion and StopScams' Project Trojan. Scaling a unified intelligence repository and expanding scam intelligence models will improve collaboration and effectiveness.
We would welcome the establishment of a UK-wide Digital Payments Fraud Centre (DPFC), central, independent hub using AI to detect fraud trends and coordinate responses across payments, telecoms, e-commerce, and law enforcement.
Operate under a shared legal and data-sharing framework, with funding from both industry and government

2.4 Role of technology
Encourage innovation in scam detection, including behavioural biometrics, transaction monitoring algorithms, and AI-driven alerts. Public funding and sandbox trials should support emerging anti-fraud technologies. We are pleased to hear that the FCA is to help firms experiment with AI.

2.5 Fostering a fraud resilient population
The benefits of early financial education are evident in its role in helping to reduce fraud and other financial crime - education must begin in schools, and we encourage the inclusion of financial and digital safety embedded in the curriculum from an early age. Particular focus is needed on money mules and scams targeting children and young adults.

2.6 Reviewing APP Reimbursement
Following the PSR's lowering of the APP reimbursement threshold, the industry has reimbursed around 87 % of scam-related losses since October 2024, rejecting only 2–3 % of claims under the Consumer Standard of Caution, even though fraud volumes remain broadly unchanged. We await the one-year independent review to assess deeper impacts, and in the interim urge urgent examination of outstanding policy gaps: the disproportionately high CSOC bar, poor data-sharing with tech and telecom sectors, and absence of accountability for platforms fuelling APP fraud.

> " We take fraud seriously, and we hold tech and telcon firms to account for their role in stopping it. "
> **Chancellor of the Exchequer[1]**

[1] *Mansion House Speech, July 2025*

***Tijs Broeke**, chairman, **City of London Police Authority Board**, delivering the Opening Address at Financial Crime 360, November 2024*

pa
the payments association

Our priorities are:

2.6.1 Revised Timeframe for Reimbursement

- Extend reimbursement deadline to ten business days to reflect resource constraints among smaller or email-reliant PSPs.
- Maintain fast-track access for PSPs using full data-reconciling case management, alongside mandatory reporting on turnaround times.

2.6.2 CSOC Recalibration

- Replace "have regard to interventions" with two enforceable consumer duties:
  a. Truthfulness when questioned;
  b. Typology-specific due diligence (e.g. checking FCA registers, verifying endorsements, using trusted communication).
- Where both consumer duties and PSP obligations (warnings, pausing payment, documenting interventions) are met, PSPs retain the right to refuse reimbursement based on proof of deception or non-cooperation.

2.6.3 Notification Requirement Within Six-Month Awareness Window

- Require scam victims to notify their PSP as soon as practicable and within six months of becoming aware, replacing the current 13-month limit.
- Allow documented vulnerable or trauma-based exceptions, subject to a higher evidentiary threshold.

2.6.4 First-Party Fraud Readiness

- Mandate PSPs to deploy link-analysis, machine learning, and inter-firm alerts to detect self-orchestrated fraud.
- Require standardised escalation protocols and logs to activate immediately on suspicion.

2.6.5 Continuous Oversight & Data Transparency

- The PSR must publish quarterly dashboards for all in-scope PSPs, showing claim volume, reimbursement ratios, CSOC usage, and turnaround times.
- Require telecoms, messaging and platform providers to submit anonymised payment-link data to improve fraud type mapping upstream.

2.6.6 Unified Case Management Platform

- Assign Pay.UK or a PSR-appointed body to develop a unified digital case management system, replacing BPS/RCMS and integrating liability reconciliation, onboarding, and audit controls.

2.6.7 Outbound Payment Delay Authority

- Back HM Treasury's plan allowing PSPs to delay outbound transfers by up to four business days when fraud is reasonably suspected.
- Ensure mandatory customer notification, clear audit logs, and empirical tracking of delay usage and impacts.

2.6.8 Police Reporting Trigger for Reimbursement Over £150

- Require a police report for APP fraud claims over £150 to validate claims and deter fabrication.
- The PSR should monitor police response times and protect PSPs from reimbursement liability due solely to law enforcement delays.

2.7 Reassess EMI risk categorisation in the National Risk Assessment

HM Treasury must review the blanket high-risk classification of Electronic Money Institutions (EMIs) in the UK's National Risk Assessment (NRA). This designation is disproportionate, undermines access to banking, and fails to reflect the strong compliance frameworks many EMIs have in place. We urge for a more evidence-based, risk-sensitive approach that supports both innovation and effective financial crime prevention.

3 Digital Currencies

We are committed to positioning the UK as a global leader in the future of digital finance by fostering a safe, dynamic, and internationally competitive digital currency ecosystem. Stablecoins are no longer speculative novelties; they are fast becoming the next layer of global payments infrastructure. The UK has a choice: lead this transformation or be shaped by it.

This ambition stands in stark contrast to more hesitant regulatory voices:

- While the Bank of England has opened up to tokenised deposits, Governor Andrew Bailey has consistently urged caution, questioning the role of stablecoins and CBDCs in the monetary system and warning of risks to financial stability.

- And the FCA regulatory proposals for issuance and custody of stablecoins go in the opposite direction of creating an attractive jurisdiction for digital assets. Rather, they propose an overly complex and unworkable regime that will ensure no international player will look at establishing a digital assets business in the UK.

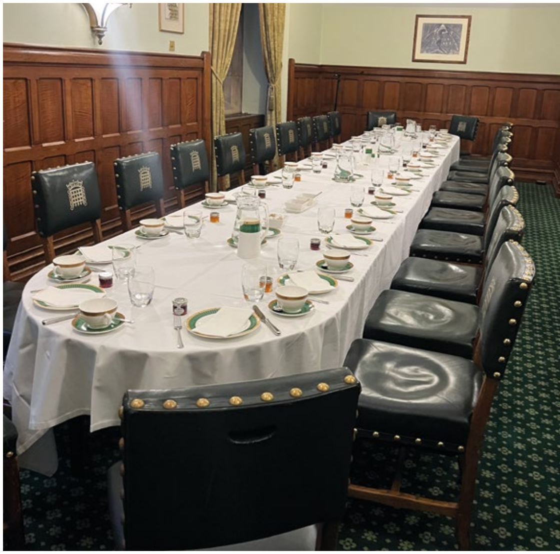
Our message is clear: if we do not act swiftly and coherently, capital, innovation, and skilled talent will flow elsewhere. We must deliver a regulatory framework that protects consumers and the financial system, without locking the UK out of the digital finance economy.

Our priorities are:

3.1 Support the FCA's goal of building a safe and effective regime for stablecoins and digital asset custody. However, reforms are needed to ensure that the framework proposed in CP25/14 and CP25/15 is fit for purpose and capable of supporting innovation, not stifling it.

3.2 Advocate for a regime that clearly distinguishes between:

- Systemic and non-systemic stablecoins, based on real-world risk
- Payment stablecoins and speculative investment cryptoassets, ensuring proportionate oversight
- UK-based and overseas-issued stablecoins, preventing a race to the bottom and ensuring fair competition

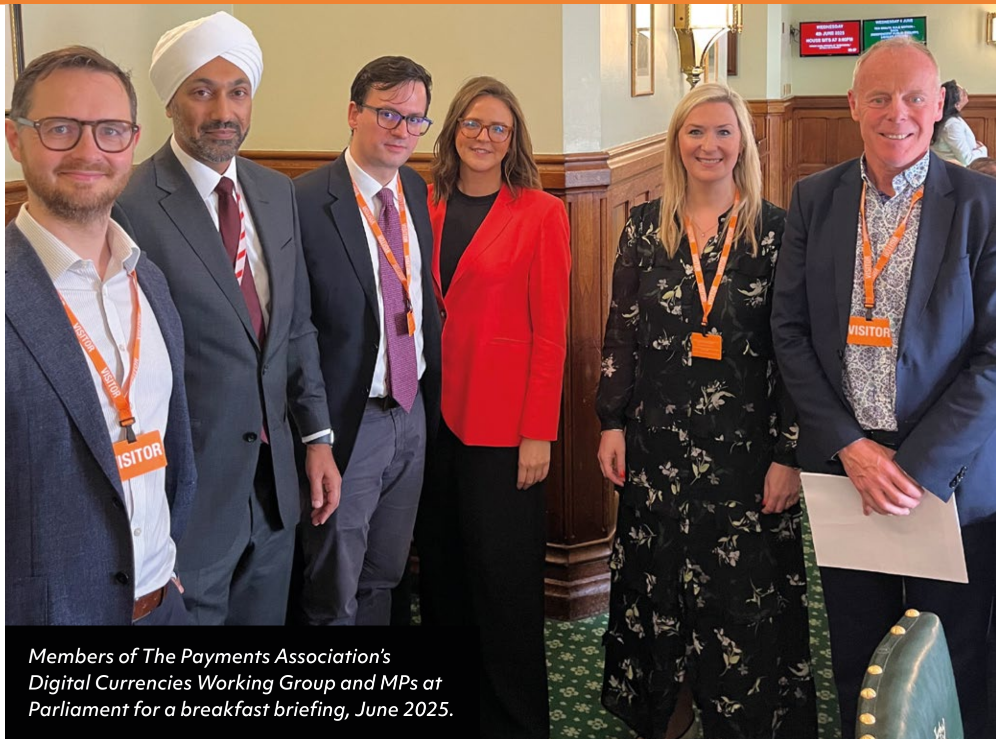


3.3 Ensure UK-based stablecoin issuers (both GBP and other currencies) can launch and scale. As currently drafted, the proposals may be so capital and compliance-intensive that no domestic issuers enter the market, pushing innovation offshore. The regime must be workable in practice, not just principled in theory.

> " I will drive forward developments in blockchain technology, including tokenised securities and stablecoins […] so that UK financial services can be at the forefront of digital asset innovation "

Chancellor of the Exchequer[2]

[2] *Mansion House Speech, July 2025*



Members of The Payments Association's Digital Currencies Working Group and MPs at Parliament for a breakfast briefing, June 2025.

3.4 Leverage the UK's leading role in the global foreign exchange market to build a vibrant GBP-backed stablecoin economy and drive stablecoin liquidity for cross-border payments.

3.5 Promote sterling-backed stablecoins to preserve the role of GBP in global payments and provide an effective alternative to the currently dominant USD-denominated digital currencies.

3.6 Align the UK's regulatory framework with emerging global norms, in particular the GENIUS Act in the US, and models developing across the Gulf and Asia. In an industry where capital is mobile, international competitiveness matters, and it is important for the UK to position itself as an attractive hub for stablecoin issuance and other digital asset business now before it is too late.

3.7 Prioritise real-world use cases that demonstrate stablecoin utility and public value, such as:

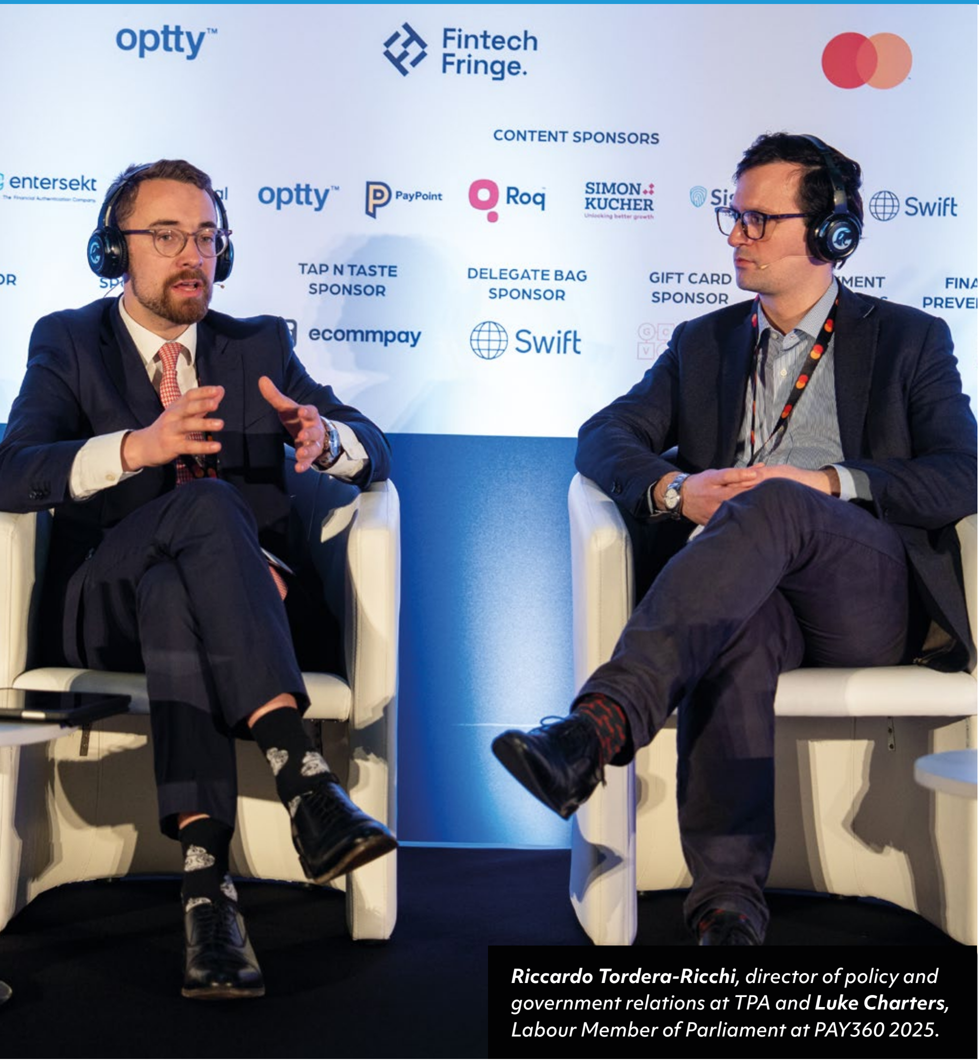
- Faster, cheaper cross-border remittances
- On-chain settlement of tokenised assets
- Digital payroll, procurement, and SME finance
- Real-time corporate treasury management
- Financial inclusion in underbanked markets.

3.8 Remove barriers that limit digital currency adoption in the UK, including:

- Bank de-risking of licensed cryptoasset firms
- Lack of clarity around the FCA's jurisdiction and "UK establishment" definitions
- Overly prescriptive rules designed around worst-case scenarios, which deter market entry

3.9 Communicate the opportunity. Regulation is only part of the picture. The UK must lead with a compelling narrative that builds public trust, educates the market, and positions stablecoins as a tool for growth, not just risk.

4 Open banking, finance and data



***Riccardo Tordera-Ricchi**, director of policy and government relations at TPA and **Luke Charters**, Labour Member of Parliament at PAY360 2025.*

We are committed to securing the UK's global leadership in open banking by accelerating its adoption by consumers and businesses, and the development of a clear, forward-looking regulatory framework. To unlock its full potential, a competitive commercial marketplace must be encouraged and incentivised, so that regulatory compliance is not the primary driver of open banking adoption.

The regulatory approach should encourage the speeding up of the implementation of open banking use cases, the establishment of fair and sustainable commercial models, and the embedding of strong consumer protections, including effective dispute resolution.

Open banking has a vital role to play in the UK's wider growth agenda and was rightly identified as a key component of the National Payments Vision.

It can foster competition, support SMEs, reduce fraud, and enable more digitally efficient infrastructure. We urge the Payments Vision Delivery Committee to take full account of the needs of open banking when creating its retail payments infrastructure strategy and forthcoming Payments Forward Plan, recognising its potential to deliver both economic and consumer benefit. This includes considering how governance, infrastructure, funding models and commercial schemes can support the scale-up of open banking within the UK's evolving payments ecosystem.

Our priorities are:

Open Banking Payments

4.1 Promote education for both merchants and consumers on the benefits and use cases of open banking. This should be led by merchants, payment providers, and banks. Clear, consistent messaging, using consumer-friendly language like "pay by bank", and sector-specific guidance on the value of account-to-account (A2A) payments are essential to close the awareness gap and drive wider adoption.

4.2 Encourage the development of sustainable commercial models and commercial schemes for open banking payments, alongside strong, industry-wide consumer protections and dispute resolution. Fair, competitive, and transparent commercial frameworks, as demonstrated by the rollout of variable recurring payments (VRP), must be underpinned by consumer protections to build trust and ensure all stakeholders are supported as adoption scales across open finance.

Open Banking Data

4.3 Support the appointment of a governing body to create, publish and maintain open data standards under the Data (Use and Access) Act 2025, and encourage the government to set a clear timeline for data-sharing requirements across economic sectors. This will be essential in order to provide regulatory certainty and enable consistent, secure access to customer and business data. This governing body should predominantly focus on standard setting rather than establishing commercial frameworks that could compete with or dissuade the emergence of commercially viable schemes in the marketplace.

4.4 Benchmark the UK's frameworks and levels of consumer adoption and use of open banking and open finance against global best practices, including European regulations such as PSD3, PSR, and FIDA. Draw on implementation lessons from innovative jurisdictions like India and Brazil, as well as commercial progress and challenges faced in countries such as the U.S., Australia, and New Zealand, to ensure UK regulation remains innovative, proportionate, and internationally interoperable and encourages consumer adoption.

The Open Banking Ecosystem

4.5 Advocate for clear regulatory continuity and accountability as the FCA assumes oversight of open banking following the dissolution of the PSR. Ensure that the transition protects progress made to date, avoids disruption for firms and consumers, and supports a consistent, proportionate, and innovation-friendly regulatory approach aligned with the future of open finance.

4.6 Encourage consistent consumer protections and clear dispute resolution across all open banking payment schemes. Greater clarity around rules, user protections, and outcomes, including certainty of payment, is essential to improve trust and enable fair comparisons with other payment methods, and encourage broader adoption.

4.7 Monitor the development of market-led A2A payment schemes and international digital wallets to assess their impact on competition and alignment with open banking objectives. Regulatory oversight should ensure these innovations support, rather than dilute, the original aims of open banking: promoting competition, innovation, and better outcomes for consumers and businesses.

4.8 Share open banking payment insights and learnings with industry bodies and cross-sector stakeholders to support the transition to open finance and open data.

5 Regulation, standards, and compliance

A vibrant, globally competitive payments ecosystem requires regulation that is proportionate, innovation-ready, aligned with the UK's pro-growth policy objectives and encourages commercial models/ incentives and a thriving competitive marketplace. Smart regulation protects consumers and SMEs, enables responsible risk-taking, and fuels investment and inclusive economic growth. To maintain the UK's position as the best place to run and scale a payments business, the regulatory environment must evolve from administrative constraint to strategic enabler.

Lord Mayor's Payments Breakfast, January 2025

5.1 Growth: Aligning Regulatory Practice with Economic Ambition While the UK government has positioned itself as pro-growth and pro-innovation, firms continue to face operational bottlenecks, opaque regulatory processes, and risk-averse oversight. The gap between strategic messaging and regulatory delivery must be addressed.

Our priorities are:

5.1.1 Advocate for a more agile, proportionate regulatory approach from the FCA and successor bodies to the PSR, one that supports investment, enables UK scale-up, and recognises the risk-based profiles of smaller firms.

5.1.2 Hold the FCA accountable for improving authorisation and supervisory efficiency. Despite recent improvements to timelines, many firms still experience delays, inconsistent communication, and a lack of transparency, particularly regarding voluntary requirements and regulatory reporting duplication.

> " We want regulators to enable growth as well as ensure stability. Growth cannot be an afterthought. "
>
> **Chancellor of the Exchequer[3]**

5.1.3 Push for the publication of FCA supervisory performance benchmarks and introduce internal ticketing systems to track case progress and improve accountability and predictability.

5.1.4 Reinforce the sector's economic contribution by highlighting payments firms' roles in SME lending, financial inclusion, and the broader digital finance ecosystem, especially in light of rising compliance burdens from reclassification as "high risk" for terrorist financing.

[3,4] *Mansion House Speech, July 2025*

5.2 Innovation: Regulation as a Catalyst for Future-Ready Finance To unlock the next wave of growth, regulation must be an enabler of new technologies, business models, and cross-sector collaboration. It must keep pace with embedded finance, AI, Open Banking and BNPL, while providing the guardrails to maintain trust.

> " We will not stifle innovation with unnecessary red tape. But nor will we stand idly by while new technologies outpace outdated safeguards. "
>
> **Chancellor of the Exchequer[4]**

Our priorities are:

4.2.1 Champion interoperable, industry-wide technical and data standards, especially for APIs and consent frameworks, supported by the National Payments Vision and the FCA's Open Finance roadmap.

5.2.2 Accelerate work on regulatory frameworks for transformative sectors including crypto, AI, and buy now, pay later, ensuring they are risk-appropriate and provide clear regulatory pathways for innovators.

5.2.3 Promote continuous, transparent regulatory dialogue, including open reporting on supervisory themes, complaint trends, and authorisation metrics, to foster shared insights and smarter policymaking.

5.2.4 Embed innovation into future infrastructure delivery via the Retail Payments Infrastructure Board and National Payments Vision governance, ensuring robust industry voice in shaping Pay.UK's successor entity.

5.3 Consumer Protection: Delivering Outcomes Without Stifling Innovation Effective regulation must ensure robust consumer and business protection, particularly around fraud, access, and operational resilience, while avoiding unnecessary burdens that choke innovation and viability.

Our priorities are:

5.3.1 Ensure an effective transition of PSR responsibilities into the FCA, safeguarding consumer protections while avoiding regulatory duplication or dilution of payments expertise. The way the consolidation is carried out will be critical - simply applying the FCA's current regulatory approach to payment systems would not be appropriate, given the differences between the PSR and the FCA and between the entities that each regulates.

5.3.2 Advocate for proportionate Consumer Duty adoption in payments, upholding fair outcomes without rendering services commercially unsustainable. Specifically, taking into account that it would not be appropriate to extend customer duty requirements to additional types of firms who do not have direct relationships with consumers/end users, but operate in the payments ecosystem.

5.3.3 Prioritise firm resilience with clear, implementable standards for wind-down planning, safeguarding, and operational continuity, particularly as regulatory scrutiny intensifies.

5.3.4 Campaign against unjustified "de-risking" practices, calling for regulatory clarity and firm-level accountability around fair treatment in account closures.

5.3.5 Champion healthy competition as a core mechanism for delivering improved consumer outcomes, driving innovation, cost efficiency, and service quality across the market.

6 Cross-border payments

Cross-border payments are critical to global trade, economic inclusion, and UK competitiveness. Yet they remain complex, costly opaque, and fragmented particularly for smaller firms and non-bank financial institutions. We are committed to helping create a more globally connected, risk-based and interoperable ecosystem that enables faster, cheaper, and more transparent cross-border transactions.

This means addressing regulatory frictions, improving access, and embracing innovation, while ensuring UK firms remain competitive in a rapidly evolving global landscape.

Our priorities are:

6.1 Promote global standards and APIs to deliver practical cross-border interoperability such as the adoption of ISO 20022 and other shared standards, while advancing solutions that bridge legacy systems and jurisdictional differences. A flexible, interconnected approach will expand access and efficiency for EMIs, PIs, and SMEs operating across borders.

6.2 Encourage the Bank of England (BoE) to build on its RTGS modernisation by broadening access for foreign banks and non-bank PSPs. At present, only UK-authorised foreign banks, payment institutions, and e-money institutions can participate. Extending access to a wider range of overseas PSPs — under robust supervisory and risk management standards — would reduce reliance on correspondent banks, strengthen resilience, lower inter-PSP risks, and foster innovation in cross-border payments. As access to BoE accounts underpins direct participation in Pay.UK's retail payment systems, this step could also lay the groundwork for wider access to those systems.

6.3 Urge UK regulators to adopt a more activity-based approach to supervision that recognises the different risk profiles of EMIs, PIs, and fintechs. A more consistent, tailored framework across jurisdictions would reduce compliance burdens, support innovation, and protect financial stability.

6.4 Call on DCMS, the Cabinet Office, and UK regulators to tackle cross-border payment challenges — high costs, slow settlement, and poor transparency — by advancing digital ID and data-sharing reforms, including the Data Use and Access Act. These reforms can enable smart wallets and biometric authentication to improve security, speed, and customer experience

6.5 The UK should establish a clear, proportionate, and internationally competitive regulatory framework for stablecoins and tokenised deposits, building on the Digital Securities Sandbox. This regime should support innovation, distinguish between systemic and non-systemic stablecoins, encourage GBP-backed issuance to strengthen sterling in global trade, and prioritise cross-border use cases such as remittances, trade finance, treasury, and SME market access. Alignment with US and EU approaches will help ensure the UK remains an attractive hub for stablecoin issuance and related activity

***Ben Agnew**, CEO of **The Payments Association** delivering the Opening Keynote at PAY360 2025.*

7 Future-proofing payments with ESG

the payments association

We are committed to championing for ESG strategies and policies to be driving principles in business decisions for all payments firms, including striving for a fair and equitable workplace and ensuring all payments products reduce the impact on the planet.

Our priorities are:

7.1 Guide industry to adopt ESG best practices by demonstrating how they are a competitive advantage. Demonstrate that companies with more advanced ESG strategies are attaining better outcomes for customers, staff and partners and are more attractive to potential investors and buyers.

7.2 Steer UK payments businesses to understand and use the most carbon-efficient processes in all payments chains and agree to realistic year-on-year reduction targets to achieve net zero by 2050:

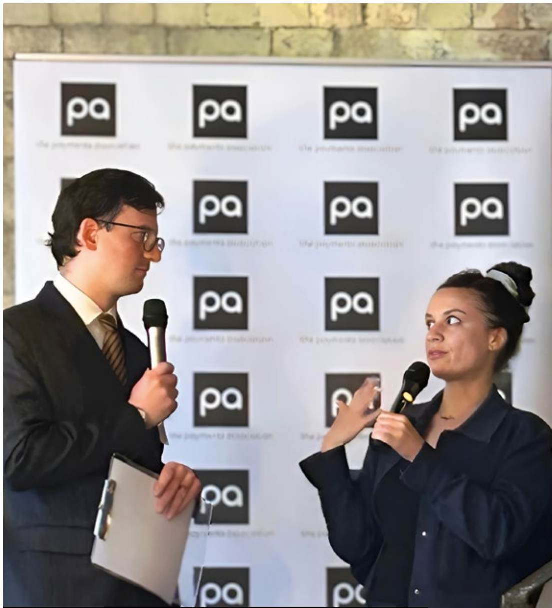
7.2.1 Encourage a phased approach where UK payments businesses understand and reduce their Scope 1 and 2 emissions, followed by their Scope 3 emissions, through focusing on:

- **Materials:** Promote the use of sustainable, low-carbon, and recyclable materials in the production and distribution of physical payment products. For example, sustainable end-of-life management of cards and other plastic waste through recycling, repurposing and reducing plastic.
- **Operational and energy efficiency:** Guide the industry to adopt carbon-efficient operational practices, including energy use, logistics, and infrastructure across the payments value chain.
- **Data and decision-making:** Help all UK payments businesses to determine, source and use the relevant data to drive sustainable investment, procurement, and resource allocation.

7.3 Educate and train the payments industry to understand the regulatory and compliance risks inherent in their supply chains. Encourage payments businesses to make the most sustainable and responsible choices when contracting, passing on education to their supplier firms where required.

7.3.1 Make resources freely available to help UK businesses understand their obligations under ESG requirements/regulations and to help them find trusted, ESG-minded contractors.

7.4 Encourage payments firms to actively report on key DEI metrics in order to foster the creation of a diverse, flexible and dynamic employment market in the payments industry that reflects differences in our membership and the consumers they serve.



***Riccardo Tordera-Ricchi** and **Akila Quinio**, banking & fintech reporter at the **Financial Times** delivering a welcome speech at PA@TheCity networking event in London, April 2025.*

8 Merchant Payments

PAY360 2025

Merchants are vital to the UK's payments ecosystem, yet they often face regulatory burdens, and limited support navigating emerging technologies. To support UK merchants, particularly SMEs, to innovate, adapt to modern payment methods and manage risk, policy and market engagement must be led with their needs and resilience in mind.

8.1 Fairer commercial practices and smarter regulation

8.1.1 Building on existing PSR requirements, merchants need simpler onboarding processes that make it easier for merchants to switch or access multiple acquirers at competitive rates.

8.1.2 Introduce a tiered, risk-based regulatory regime for non-bank PSPs that allows the FCA to tailor its oversight, reducing unnecessary barriers for low-risk firms and increasing innovation and competition in the merchant services market.

8.1.3 Ensure merchants have a voice in regulatory decision-making by advocating for dedicated forums and FCA touchpoints to reflect merchant needs in evolving regulations, particularly as they increasingly affect operational practices.

8.2 Developing resilience and protecting against fraud

8.2.1 Advocate against the disproportionate burden merchants face in fraud cases, and work towards frameworks that share liability more fairly across the ecosystem.

8.2.2 Help merchants understand and optimise payment operations through clearer guidance on fees, chargeback policies, and emerging authentication technologies.

8.3 Innovation, access and emerging technologies

1. Equip merchants for the future of payments by educating them on emerging trends such as AI and agentic commerce, click-to-pay, passkeys, biometrics, behavioural analytics, and digital IDs, enabling them to respond effectively to technological change.

2. Develop A2A and open banking payment options with consistent APIs, clear refund standards, and streamlined user experiences, while sharing merchant learnings to inform the design of open finance frameworks and wider commercial readiness.

3. Ensure cross-border payments support UK businesses that buy from overseas and sell internationally via e-commerce, helping them compete and grow.

4. Encourage the adoption of emerging digital currency solutions by accelerating the UK's digital currency policy and providing sandbox support for real-world use cases. A clear, proportionate regime for stablecoins and tokenised deposits should prioritise practical merchant benefits, such as faster, lower-cost cross-border payments, real-time treasury and settlement, and new e-commerce opportunities.

Conclusion

Our community's policies set out a clear vision to support the government's growth agenda. From financial crime to digital currencies, our community's vision has one objective: making Britain a payments powerhouse to unleash growth.

Every jurisdiction is racing towards digitalisation, and payments sit at the heart of that transformation. Nothing else works without them. If Britain is to deliver growth, create jobs and remain globally competitive, it cannot afford missing the opportunity of starting a "Digital Big Bang". Technological innovation such as tokenisation of rea—assets and the AI economy, is the strongest driver of jobs and sustainable growth, but it cannot thrive without embedding next-generation payments, starting with stablecoins.

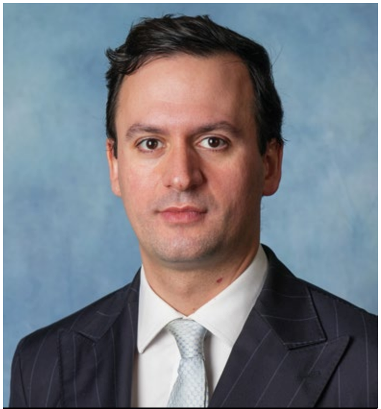
The US has already raised the stakes with the GENIUS Act, setting the global benchmark for stablecoin regulation. By contrast, the UK has moved too slowly, risking its leadership in financial innovation.

Yet the Government has already signalled its ambition, most notably in the Chancellor's Mansion House speech, to put the UK at the forefront of tokenisation, stablecoins and digital asset innovation. That commitment now requires urgent political action because this is not a question for officials but for elected leaders.

The UK can both safeguard consumers and foster innovation, driving a new wave of digital growth and employment. But constant delay means surrendering that future to others and we cannot afford the consequences of further delays.

We urge our political leaders to strongly commit to make Britain a payments powerhouse.

The moment to act is now.



Riccardo Tordera-Ricchi*, director of policy and government relations,* ***The Payments Association***

" The UK can both safeguard consumers and foster innovation, driving a new wave of digital growth and employment. "

Members of The Payments Association and guests at the PA@TheCity Christmas Party in 2024.

About The Payments Association

The Payments Association is a community for all companies in payments, whatever their size, capability, location, or regulatory status. Its purpose is to empower the most influential community in payments, where the connections, collaboration and learning shape an industry that works for all. It works closely with industry stakeholders such as the Bank of England, the FCA, HM Treasury, the PSR, Pay.UK, UK Finance, and Innovate Finance.

Through its comprehensive programme of activities and with guidance from an independent Advisory Board of leading payments CEOs, The Payments Association facilitates the connections and builds the bridges that join the ecosystem together and make it stronger. These activities include a programme of monthly digital and face-to-face events including an annual conference, PAY360, The PAY360 Awards dinner, CEO roundtables, and training activities.

The Payments Association also runs seven stakeholder working project groups covering financial inclusion, regulation, financial crime, cross-border payments, open banking, digital currencies, and ESG. The volunteers in these groups represent the collective views of the industry and work together to ensure the big problems facing the industry are addressed effectively.

The association also conducts original research which is made available to members and the authorities. These include monthly whitepapers, insightful interviews and tips from the industry's most successful CEOs. For more information about The Payments Association, visit **www.thepaymentsassociation.org**

the payments association

The Payments Association Offices,
St Clement's House, 28 Clement's Lane,
London, EC4N 7AE
Tel: +44 20 3540 9760
Web: www.thepaymentsassociation.org
Email: info@thepaymentsassociation.org
in The Payments Association