

HOW PAYMENTS CAN POWER UK GROWTH

LAYING THE FOUNDATIONS FOR GREATER ECONOMIC OPPORTUNITY THROUGH TRUSTED, SECURE AND INNOVATIVE PAYMENTS TECHNOLOGY

ECONOMIC IMPACT REPORT

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PUBLIC FIRST

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EXECUTIVE SUMMARY

The UK has one of the most advanced and trusted payments sectors in the world. In 2024, the UK digital payments sector contributed an estimated **£7.5bn to UK GDP**. Between 2019 and 2025, modern **digital payments systems have enabled £88bn in extra sales for UK businesses**, which is equivalent to **around £2,500 per business per year** over that period.

The UK's leadership in digital payments did not happen by chance. It is the result of an open and competitive market that has supported innovation while maintaining high standards of trust, security, and resilience.

Maintaining this leadership now matters more than ever. Rapid technological change, from artificial intelligence (AI) to stablecoins and crypto assets, is beginning to reshape the economy. The pace of digital transformation is accelerating. Global threats are increasing and competition between countries to attract investment and stay ahead in financial innovation is intensifying.

How the UK responds to this challenge - particularly whether it can design outcomes-focused, future-ready regulatory frameworks - will determine whether the UK continues to lead in digital payments and financial innovation, or whether it loses momentum to faster-moving global competitors.
Our research suggests that there is a significant economic prize to secure if the UK can create this kind of regulatory framework.

The potential economic prize across

£3.8bn
in additional GVA by 2030

Pro-competition regulation

From an outcomes-focused, pro-competition regulatory framework that encourages sustained investment in payments infrastructure and resilience.

£4bn
per year in additional economic activity from 2030

Artificial Intelligence in Payments

Due to increased use of AI across the payments value chain, through higher productivity, lower fraud and fewer failed transactions.

£5.1bn
per year in additional GDP from 2030

SME Digital Adoption

Driven by greater SME adoption of digital payments, resulting from higher sales, improved cashflow and wider uptake of digital tools.

To secure this prize there are five steps that the UK Government and regulators need to take:

STEP 1 **Deliver on the promise of the National Payments Vision** by setting a clear, outcomes-focused, pro-competition, pro-innovation framework for payments

STEP 2 **Reduce duplicative regulation through the consolidation of the PSR into the FCA** to streamline regulation, reduce double compliance and unlock investment

STEP 3 **Design retail payments infrastructure to enhance UK leadership in payments,** building on the economic outcomes set by HM Treasury and the Bank of England

STEP 4 **Adopt a pro-technology approach to regulation,** so new technologies—including AI and stablecoins—can scale safely

STEP 5 **Consistently incentivise investment through UK payments regulation** to deliver the most trusted and secure payments systems



ABOUT THIS RESEARCH

Public First was commissioned by Visa to examine the role of the UK's payments sector in the British economy, to estimate its potential contribution to future economic growth and the role that payments can play in enabling innovation through digital technology adoption.

This analysis is published ahead of a number of important policy decisions expected from government and regulators on the future direction of the payments sector. These decisions will shape whether the UK continues with a principles- and outcomes-based regulatory approach, or moves towards a more prescriptive, top-down framework. Our research explores the potential implications of different regulatory choices, set against the backdrop of a rapidly evolving digital payments landscape.

Our analysis is informed by new primary data collected by the Public First team. This includes nationally representative surveys of 2000 UK consumers and 500 UK businesses, as well as two focus groups, one made up of consumers and another of small business leaders. This new data has then been combined with existing external data to allow for detailed economic and scenario modelling.

Additionally, working with Visa, we have interviewed key stakeholders within the UK payments sector. This includes consumer groups, payments providers, FinTechs, building societies, and major retailers.

These interviews have helped guide and inform our analysis. We have used the responses given by stakeholders to make recommendations to the Government and to regulators with a role in the UK payments sector.

We have spelled out in detail the data sources used. Our full methodology can be found here.



Organisations interviewed by Public First as part of this research:

- Asda
- Frasers Group
- Go Henry
- Nationwide
- Plaid
- Revolut
- Sainsbury's
- Token
- Which?
- Worldpay



FOREWORD BY VISA

Over the past decade, payments have changed how people and businesses pay, as new technology and services have emerged at pace. Digital payments are the invisible infrastructure that supports economic growth in the UK. When they work seamlessly, they give consumers the confidence to spend and businesses the confidence to invest and grow.

That confidence depends on sustained investment in secure, resilient technology that operates reliably at both national and international scale. Visa is proud to have played its part. Our products and services currently contribute £4.3 billion to the UK economy each year, supporting jobs, innovation and productivity across the country. Our long-term commitment to the UK is reflected in our investment, partnerships and new European HQ in Canary Wharf.

Trust in payments is critical, and the UK's success has been built on earning and maintaining it. People and businesses in the UK put the highest levels of trust in Visa to keep their details secure, to work when it matters. That trust has been hard-won, built over decades through billions of pounds of investment and innovation. It is difficult to earn, expensive to maintain, and easy to lose. We are in a technological arms race with criminals who are using new tools to defraud people and attack critical infrastructure. We are responding by investing in tools like tokenisation that will make stolen payment credentials far less valuable to criminals, helping to protect consumers and businesses from increasingly sophisticated attacks, and strengthening trust and security across the payments ecosystem.

If the UK is to lead the next phase of payments innovation, it must continue to win this battle. Future growth depends on it. New technologies will only scale if people and businesses trust them. They are already beginning to reshape payments: account-to-account services that can widen choice and competition; stablecoins and tokenised money that support faster, more flexible digital transfers; and the transformational power of agentic commerce. Where payments are embedded in digital journeys, with AI agents automating routine payments, lowering costs for households and firms, and reducing fraud risk. But only if it is built on trust.

The National Payments Vision, published in 2024, kick-started a discussion that will shape the future of payments in the UK. To contribute to this we commissioned Public First to produce this report. It sets out what is at stake for the UK, the scale of the economic opportunity, and the practical steps needed to ensure the payments ecosystem continues to deliver for consumers, businesses and the wider economy. Clear, coherent and outcomes-focused rules providing certainty, reducing unnecessary duplication and embedding trust from the start will determine whether the UK realises the full potential of the next generation of payments.

Rob Cameron,
Visa UK&I Group Country Manager



HOW A DECADE OF INVESTMENT EMBEDDED DIGITAL PAYMENTS AT THE HEART OF THE UK ECONOMY

The UK is an established leader in payments technology, with the sector standing as one of the country's most successful digital transformation stories - a clear example of how innovation, outcomes-based regulation and private investment can combine to deliver tangible economic benefits for consumers, businesses and the wider economy.

What is the UK digital payments sector?

The digital payments sector enables people and businesses to pay or get paid, providing the infrastructure to make those payments work and keep them secure. The sector contains a wide range of companies, from banks and to the providers of payment systems, to retailers to fintechs and AI companies.

Research from Visa's Economic Empowerment Institute examining payments technology uptake across Europe shows a 10% increase in digital-payment capital per employee drives increases in productivity. Our research further explores the relationship between greater investments in payments technology and the growth opportunities available to the UK.

Over the past decade, the UK's digital payments sector has delivered significant economic benefits. Our modelling and survey evidence suggests:

£7.5bn

In 2024 alone, the digital payments sector contributed an estimated **£7.5bn** to UK GDP.

£88bn

Between 2019 and 2025, modern payment systems have enabled **£88bn** in additional sales for UK businesses - equivalent to **£2,500** per business per year if spread evenly.

£32bn

Of this, **£32bn** comes from new sales generated by small and medium-sized businesses, with **66%** of UK SMEs saying digital payments have helped increase their revenue.

Trust in payments has driven digital transformation in the UK

Trust is one of the UK's most powerful economic multipliers. When consumers are confident that payment systems are resilient, they are more willing to spend, invest, and adopt new services.

In this context, confidence and resilience means more than systems being online and ready when you need them. It includes both the operational resilience that keeps payments available and recoverable when disruption occurs, and the strength of fraud and cyber defences to adapt as threats evolve. Together, this is how resilience is felt by consumers and is central to underpinning economic confidence.

UK consumers currently express very high levels of confidence in digital card payments: 90% of consumers report strong confidence, a figure that has risen steadily over the past decade.

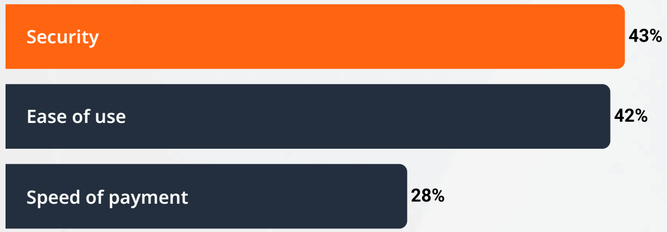
What underpins this confidence, above all, are safe, reliable and easy to use payments. Our research shows this is what UK consumers value most.

Security is the most frequently cited factor for consumers when choosing how to pay, with **43%** of consumers ranking it in their top two factors, meaning trust directly affects whether a transaction goes ahead.

So much so that over half of consumers **(53%)** say they would abandon a transaction the moment the payment didn't feel secure.

Moreover, consumers who do encounter insecure payment options spend an average of between 31 to 45 minutes searching for a safer provider.

Most important factors when consumers choose how to pay



When it comes to businesses our research shows that 91% of UK businesses have confidence in digital card payments. This is why digital payments now sit at the heart of firms' ambitions to grow. 74% of UK businesses say secure digital payments have already helped grow their revenues, while 91% see them as critical to expanding overseas in the years ahead.

Secure digital payments are not just a tool for transacting; they give businesses the confidence to scale. They lower the fixed costs of exporting by reducing the need to navigate local banking, Foreign Exchange and settlement complexity, making overseas expansion more practical and predictable.

When firms have that additional confidence that payments are secure, reliable and easy-to-use, they are then much more willing to invest, reach new customers and expand into new markets.
By reducing friction, building trust and enabling seamless cross-border trade, secure digital payments give UK businesses the confidence to sell beyond their existing markets, reach customers overseas and turn growth ambitions into real commercial opportunities.

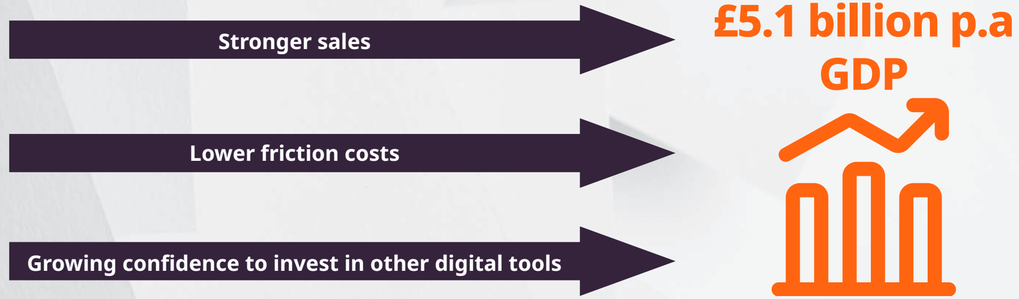


PAYMENTS INNOVATION AS A DRIVER OF ECONOMIC AND DIGITAL GROWTH

When payments work well, they fade into the background. Transactions complete smoothly, online checkouts don't fail at the last step, fraud is stopped before people become victims, and businesses can focus on selling rather than reconciling.

Because payments are used every day by almost every household in the UK, reliable and trusted payment networks have an outsized impact on economic confidence by reducing friction, supporting investment, and allowing new technologies to scale quickly across the economy.

Put simply, digital payments create economic growth. Our modelling finds that if the uptake of digital payments among UK SMEs increased to 95%, it could unlock around **£5.1bn in additional GDP every year**, through stronger sales, lower friction costs, and growing confidence to invest in other digital tools.



Digital payments act as the entry point for the UK's wider digital transformation

Secure payments are often the gateway to wider digital adoption. They give businesses the confidence to move more of their operations online, from e-commerce and cloud tools to AI. **79%** of businesses say secure payments are central to wider technology adoption. However, when confidence is undermined, digital investment stalls:

36%

Of the 36% of businesses that have experienced a fraud incident in the last 12 months,

23%

Almost a quarter (23%) said that they had paused at least one planned digital project.

455,000

Our survey suggests that as many as 455,000 businesses could have paused the adoption of new technologies as a result of fraud interrupting their digital transformation plans. For context, that is more than the total number of businesses in Scotland.

Trusted and secure infrastructure will therefore be the springboard for new tech adoption. This is critical as we enter a new phase of rapid technological innovation, including in the payments sector where, A2A, AI innovation and stablecoins are poised to unlock new growth.

> **Tech-led experiences are continuing to penetrate digital payments. Consumer habits around tapping to pay and making payments online are rapidly changing, and they are changing how people expect to pay.**
>
> *- Revolut*

PAYMENTS INNOVATION AS A DRIVER OF ECONOMIC AND DIGITAL GROWTH

To adopt new technology consumers will demand that systems are as secure and resilient as they are innovative.

Building the confidence needed for consumers to adopt new payment technologies depends on keeping fraud under control. When trust in digital payments is undermined, innovation slows and investment is delayed.

Around **two-thirds** of consumers would not make a purchase over £5 if there was more than a 5% chance of losing their money.

This small margin has huge impacts. We estimate that **£84bn per year** could be lost in consumer spending if payment technologies are perceived to be vulnerable.

Ensuring consumers feel secure will therefore be vital to translating the economic gains from **new tech adoption** into growth.



Fraud and cybercrime remain a major challenge for the UK economy. In 2024, **£1.17bn was stolen through payment fraud across 3.3 million cases** according to UK Finance's 2025 Annual Fraud Report, making it the most common crime experienced by the public.

The surge in fraud carries a political price. The cost of living is the public's number one concern and seeing billions lost to a preventable crime risks deepening frustration and undermining trust as well as causing economic damage.

> **They were an elderly couple I knew and it was one of these scams where they pretend to be another company, and they lost about £25,000. I don't know if they got it back or not, but, I did think, gosh, how can you lose that amount of money?**
>
> *- Consumer focus group*

> **I experience a lot of fraud. There are many ways to fake a payment through your phone and from all over the world. For a while I did not even know it was possible and I was taking losses without realising it.**
>
> *- SME focus group, Gaming business*

> **People think that because it's a financial crime there's no losers but that's simply not the truth.**
>
> *- Go Henry*



PAYMENTS INNOVATION AS A DRIVER OF ECONOMIC AND DIGITAL GROWTH

When fraud happens it is unnerving and upsetting, and that knock in confidence has a measurable economic impact that extends beyond the initial incident. After suffering fraud, an individual's spending typically falls by 35.1% over the next six months. Our analysis estimates that this is equivalent to a £16bn loss in consumer spending each year due to the widespread impact of fraud.



89 minutes

Average consumer would rather lose 89 minutes of sleep a night than increase their risk of fraud.



35.1%

After suffering fraud, an individual's spending typically falls by 35.1% over the next six months.

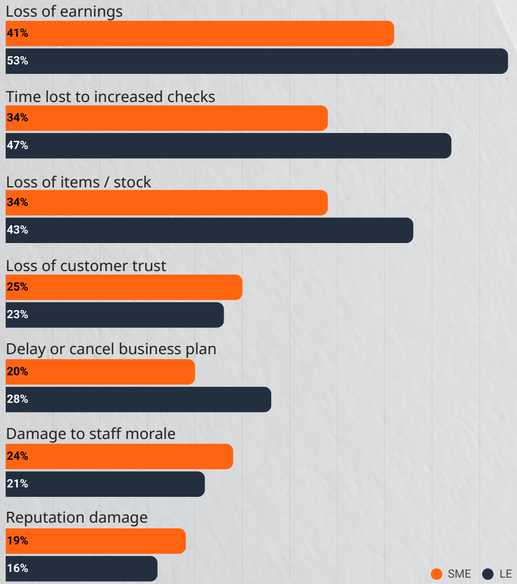


£16 billion

Our analysis estimates that this is equivalent to a £16bn loss in consumer spending each year due to the widespread impact of fraud.

For consumers, confidence in payments and the potential impact of fraud shapes whether a payment goes ahead at the moment. For businesses, these factors shape longer-term decisions about whether to invest, expand and adopt new technologies:

Impacts on businesses from payment fraud



These risks are not going away. AI will enable fraudsters and cyber criminals to operate at greater scale and sophistication, increasing both the complexity and the cost of effective fraud prevention over time. A recent report by the House of Commons Treasury Select Committee has warned that, without proactive action, AI-driven financial crime could undermine consumer trust and expose the wider economy to serious harm. This is already being felt across the sector.

> **It's pretty scary what AI can do, it can already beat facial similarity and voice matching, people know about it but don't know how to fight it.**
>
> *- Payments sector stakeholder*

> **We experience fraud attacks on our website regularly and if you look back 5 years ago we definitely weren't seeing that. As a business we have looked at what we can do to do more for fraud prevention to protect our consumers. What people don't realise is that fraud is a global business, it's not a single bad actor.**
>
> *- Payments sector stakeholder*

The UK therefore needs a market that actively encourages investment in fraud prevention and resilience, or we could lose the benefits of new technologies. As we look to the decade ahead this continued investment will be vital for confidence and therefore economic growth.

Unlocking growth through AI-driven innovation in payments

AI could change payments in the same way the internet changed shopping. It can make paying safer, faster and easier, while helping to spot fraud and protect consumers in real-time. This aligns with the UK's ambition to enable safe, trusted and increasingly automated digital services.

As AI becomes embedded in payments, it allows transactions to be more seamless and often invisible, integrated into the everyday tools households and businesses use to manage cash flow, automate processes and operate more efficiently. However, widespread adoption will depend on confidence and trust.

Where AI is embedded into payment models, robust risk management, controls and accountability will be essential. A future-proof AI regulatory framework should therefore remain outcomes-focused and flexible, supporting innovation while being proportionate and clear across different use cases and technologies.

Our modelling suggests that increased adoption of AI in payments could unlock around **£4bn in additional economic activity by 2030**, driven by three effects:



Higher labour productivity

AI increases productivity in payments by automating and augmenting routine tasks and allowing the redeployment of saved effort onto other parts of a business. Our modelling applies task-level exposure analysis to estimate the resulting uplift in sectoral Gross Value Added (GVA).



Fewer false declines and abandoned purchases

AI-driven acceptance tools can reduce unnecessary declines and checkout failures, helping more legitimate online purchases go through. We model this by applying a conservative revenue uplift from real-world AI acceptance pilots to projected online retail spend.



Reduced fraud losses

AI-enabled fraud detection can help stop more fraudulent transactions before they succeed, reducing losses. We model this by applying evidence from deployed analytics tools to projected UK fraud losses in 2030.

Taking a lead on new digital money

While AI is transforming how payments are authorised and monitored, stablecoins and tokenisation are changing how value itself is represented, secured and transferred.

In their most prominent use case, stablecoins are best understood as settlement tools. Their value is maximised when embedded within established payments infrastructure, where consistent standards of security, resilience and accountability are maintained. In this context, they can improve liquidity, reduce settlement risk and enable faster, more reliable payments–while bringing digital assets into trusted, regulated environments rather than leaving activity outside core financial systems.

Tokenisation further strengthens this model by replacing sensitive payment details with encrypted digital tokens that can be limited to specific uses such as a particular merchant, device or wallet - significantly reducing exposure to fraud while enabling seamless, device-agnostic commerce.

As with AI, the benefits are not automatic. The ability of stablecoins and tokenisation to scale and deliver productivity and growth gains will depend on trusted infrastructure, clear governance and a technology-neutral, outcomes-focused regulatory framework that safeguards resilience, security and consumer protection while enabling responsible innovation.

Taken together, AI and programmable digital money represent the next phase of payments infrastructure and a decisive moment for policy, where regulatory choices made today will shape where and how these models are deployed in future.





SEIZING THE GROWTH OPPORTUNITY FOR UK PAYMENTS

The task ahead is to make the right policy and investment decisions for UK payments that fuel a new decade of economic growth.

Across our stakeholder interviews there was a sense that the UK has done well and built a strong reputation, but progress has stalled when it comes to the latest innovations.

> **We need to accelerate our policy processes. The time it takes from the initial decision to the rule being implemented is 2-3 years, which is even longer than in the EU, and then you look at Singapore, UAE, US, and it is sub 6 months. ... we need to move faster.**
>
> *- Payments stakeholder*

> **Unless we get serious about investing and being a pro-innovation pro-growth industry, ... we have a problem.**
>
> *- Payments stakeholder*

To quantify what is at stake, Public First modelled two alternative trajectories for the UK payments sector to 2030, reflecting how different regulatory approaches affect private-sector investment, productivity and ultimately economic output.



Scenario 1: Pro-innovation:

In the pro-innovation scenario, we assume an outcomes-focused regulatory environment that preserves competition across a level playing field. In this model, regulators set clear policy objectives, safeguards and public interest outcomes, while giving firms the certainty, flexibility and commercial headroom to decide how best to deliver them.

This allows firms to reinvest beyond fixed operating costs in practical innovation across the payments sector, from faster and more secure payment methods to AI-enabled fraud detection, stronger resilience and new products such as stablecoins and tokenised payments.

That investment raises sectoral productivity by enabling faster processing, lower error and fraud rates, and greater automation across the payments value chain. These productivity gains are then translated into higher GVA through three routes. Improved efficiency within the payments sector itself, higher transaction volumes and conversion rates across the wider economy, and increased complementary investment in UK fintech and digital services.

Scenario 2: Restrictive

In the more restrictive scenario, tighter and more prescriptive regulation reduces both the scale and effectiveness of reinvestment. In modelling terms, this results in slower productivity growth, weaker resilience and a reduced pace of innovation, with the payments sector growing broadly in line with the wider economy rather than outperforming it. Over time, this lower productivity path feeds through into reduced output, higher costs for businesses and consumers, and a declining share of international investment.

The difference between these scenarios reflects the cumulative impact of these investment-driven productivity effects over time, illustrating how regulatory choices translate into materially different GDP outcomes by 2030.



Our modelling shows that the future trajectory of the UK's payments sector will be shaped less by any single technology, and more by whether the policy environment continues to support long-term investment and innovation in a collection of technologies that, working in combination, will drive growth and better consumer experiences.

This means preserving space for firms to innovate and respond to how consumers and businesses actually use payments, rather than prescribing in advance how they should behave.

Under an open, competitive and innovation-friendly approach, our modelling suggests that the sector could unlock up to £3.8bn in additional value by 2030. This is driven by firms having the certainty and commercial headroom to invest in faster payment services, stronger fraud prevention, system resilience and new products. These gains depend on industry being able to test, refine and scale solutions based on real customer demand, something markets are better placed to discover than regulation alone.

Where incentives weaken or solutions are overly directed, firms reinvest less and progress slows. As industry stakeholders emphasise, the difference between these paths is not abstract: it affects how quickly innovation reaches consumers, maintaining consumer and business confidence in the payments system, and whether the UK keeps pace with faster-moving global competitors.

This is a call to action both for the Government and regulators who have a joint responsibility to oversee the payments sector's ability to deliver a competitive landscape that can drive investment, not only into new product innovation, but also increased security and resilience.

> **The challenge for the government and the regulators is the pace of change is so fast in the industry that they can find it hard to stay ahead. The only way to tackle this is to have a really open conversation with industry**
>
> *- Payments Stakeholder*

> **We now need regulators to sit back and give industry the space to deliver against the regulators priorities, rather than directly stepping in to try to deliver these goals themselves.**
>
> *- Payments Stakeholder*

> **We need to be much more pro technology and outcome based.**
>
> *- Payments Stakeholder*

The cost of underinvesting in payments resilience

Visa's recent report on European payments resilience shows how digital transactions rely on tightly connected actors: merchants, payment interfaces, processors, banks, telecoms networks, and energy networks.

As the range of payment methods expands, so does the potential attack surface: each new interface, provider or connection introduces additional risk if security is not designed in from the outset, or if ongoing investment fails to keep pace with increasingly sophisticated cyber threats. Weaknesses at any point can cascade quickly, making system-wide resilience essential to maintaining trust in both domestic and cross-border payments. This is even more true for international payments, where flows are inherently more complex and interconnected across multiple institutions, jurisdictions and infrastructures.

Globally, cyber threats are growing in both scale and complexity. In response, Visa and other market leaders invest billions in payments resilience to ensure that security, redundancy and monitoring evolve alongside innovation. This is why major outages are exceptionally rare. For example, Visa's global network faces an average of 400–500 million cyber-attacks each month, yet it has maintained near continuous availability in Europe, processing over 76 billion transactions annually across Europe. Achieving and sustaining this level of resilience has required more than £8 billion of global investment over the past five years alone, largely to keep pace with the threat environment rather than to deliver visible new features.

Without sustained investment of this kind, the risk of system outages and loss of confidence would rise sharply, particularly as payments ecosystems become more diverse, more interconnected and a more attractive target for attack. To demonstrate what these efforts prevent, Public First has modelled the outcome of a hypothetical catastrophic outage that prevents some consumer-facing industries (retail and hospitality) from undertaking transactions over an eight-hour period.

Such outages would represent a significant economic hit. Continued investment in system-wide resilience will be critical as new digital payments technologies like account-to-account, AI and stablecoins are adopted, to ensure businesses' confidence to capitalise on new technology.





What steps must the UK take to secure the next decade of growth?

The payments sector is a proven economic asset, but global competition and security risks are increasing. The UK does not have long to lock in growth and needs to take action to ensure both policy and regulation are aligned to seize the opportunity.

Our success is not a given; it requires the right policy choices.

> **We need to be much more pro technology and outcome based, so instead of strong customer authentication, we should say as long as we have the outcome use whatever technology you want to get there. If you want a strong ecosystem, you need to take this agile and clear approach.**
>
> *- Payments stakeholder*

> **We need innovation-led policies, a move away from a risk avoidance mindset, and move towards a risk mitigation mindset. ... we need to make sure the industry can experiment and discover where the risks are. If businesses are afraid to experiment, then they will simply move elsewhere.**
>
> *- Payments stakeholder*

If the UK gets the policy environment right, the evidence we have gathered suggests that the UK Government and regulators could unlock an additional:

£3.8bn in growth from stronger competition and investment within the payments sector by 2030

£5.1bn

£5.1bn a year if more SMEs use digital payments as their front door to wider digital innovation

£4bn

£4bn from faster AI adoption across payment technologies.

However, if we get this wrong, our modelling suggests that the UK could lose at least up to **£2.7bn** in potential new growth as well as slowing digital adoption and delaying the innovation that AI can bring to the economy. Having reviewed the evidence provided by our stakeholders, Public First sees five steps the Government and regulators need to take to ensure we seize the growth opportunity before us.



Step 1

Deliver on the promise of the National Payments Vision by setting a clear, outcomes-focused, pro-competition, pro-innovation framework for payments

Our analysis shows that sustaining the UK's leadership in payments and securing up to £3.8bn in additional growth by 2030 depends on a regulatory framework that gives firms confidence to invest, innovate and scale, while maintaining the highest standards of security and resilience. As one stakeholder put it, "*we need to be much more pro technology and outcome based.*"

The UK Government's National Payments Vision provides a strong foundation for delivering these outcomes. Experience from recent payments initiatives suggests that progress is fastest where regulation sets clear policy objectives and guardrails, while allowing industry flexibility on how those outcomes are achieved. Stakeholders generally agree that regulators play a vital role in defining priorities, safeguards and public interest outcomes, while markets are often best placed to develop and scale solutions that meet customer needs in practice. An outcomes-focused, proportionate framework would give firms the confidence to test, refine and deploy new technologies – including AI-enabled services and stablecoins – helping translate strategic ambition into real investment and adoption. This approach is particularly important for firms seeking to scale innovative payment solutions from the UK into global markets.



Step 2

Reduce duplicative regulation through the consolidation of the PSR into the FCA, to streamline regulation, reduce double compliance and unlock investment

The consolidation of the PSR into the FCA is widely seen as an opportunity to reset how payments regulation supports growth, innovation and resilience. Stakeholders were clear that structural change is important but not the sole way to achieve this. The test should be whether consolidation creates clearer strategic priorities, faster decision-making and a stronger focus on enabling innovation, with one stakeholder warning about the need to "accelerate our policy processes. The time it takes from the initial decision to the rule being implemented is 2-3 years... we need to move faster."

A successful consolidation, supported by HMT's review of payment services regulation, should give the UK a more coherent regulatory framework for payments. One that reduces duplication, removes overlapping mandates and sets clearer goals for competition, resilience and innovation. If delivered effectively, consolidation can reduce friction, free up capital for investment and ensure regulation supports rather than constrains growth in a fast-moving global payments market — delivering better outcomes for businesses, consumers and the British economy.



Step 3

Designing future retail payments infrastructure to enhance UK leadership

The design of the UK's future retail payments infrastructure is a strategic economic choice that will shape the country's ability to grow, innovate and remain resilient over the next decade. How people and businesses pay is foundational to everyday commerce, SME productivity and consumer confidence. Getting the foundations right will determine whether innovation can scale safely and whether the system remains resilient in the face of operational, cyber or market stress. The objective should be payments infrastructure that is interoperable, resilient, secure and easy to use, allowing new payment methods to coexist with existing ones, enabling competition between providers, and ensuring migration is neither disruptive nor undermines confidence or economic activity.

This is a complex task involving real trade-offs, but HM Treasury and the Bank of England have made a strong start by clearly defining the economic outcomes the future payments system must deliver - choice, interoperability, security, fair access, resilience - through the retail payments infrastructure programme. That clarity of purpose provides a solid foundation on which to build. The priority now is to engage the power of Britain's thriving fintech sector, while keeping delivery costs proportionate and avoiding unnecessary complexity. Learning lessons from other infrastructure programmes, the UK should avoid making a single bet on one bespoke solution and instead develop standards and rules that firms can build to and evolve over time as technology advances.



Step 4

Adopt a pro-technology approach to regulation, so new technologies - including AI - can scale safely

The next phase of payments growth will be driven by new technologies, from AI-enabled payments and AI-ready tokenised credentials, digital wallets to regulated stablecoins and tokenised money. The ability to deploy these technologies will depend on a technology-neutral, outcomes-focused approach. Rather than requiring explicit approval for each new product or predefined use case, regulation should set clear expectations on security, resilience and consumer protection, allowing firms to deploy and adapt new models as technology and consumer behaviour evolve. As one stakeholder put it, "we should say as long as we have the outcome, use whatever technology you want to get there. If you want a strong ecosystem, you need to take this agile and clear approach."

This balance enables faster adoption and innovation while maintaining trust. The Government's Future of Payments Review and National Payments Vision provide a route to apply this in practice, setting clear outcomes for future payment models, while avoiding rules that lock in today's technology. Where compliant technologies, including AI-driven payments, can be deployed at pace, productivity gains follow. Where transaction approval is slow or uncertain, innovation stalls and the UK risks falling behind global competitors. This could put the £4bn annual growth opportunity from AI adoption projected by Public First at risk.

Step 5

UK payments regulation must consistently incentivise investment to deliver the most trusted and secure payments systems

As payments become more digital, automated and interconnected, fraud and cyber risks are rising. This is being driven by increasingly sophisticated, AI-enabled and state-linked actors. The economic consequences of failing to meet this challenge are significant. Fraud already undermines confidence, slows digital investment and reduces spending, with victims cutting their spending at with a significant economic cost. If fraud risks are not contained, they could also slow the adoption of AI-enabled payments and undermine trust in wider digital services across the economy. As one stakeholder warned, *"people think that because it's a financial crime there's no losers but that's simply not the truth."*

Regulators should therefore maintain strong, outcomes-based requirements on fraud prevention, cyber resilience and liability, while allowing competition and innovation in how firms meet those standards. The Government's Fraud Strategy 2026 to 2029 should play an important role in delivering this shift, particularly through its focus on disrupting criminal methods, strengthening protection for the public and businesses, and improving the response for victims. The aim should be a payments system that is easy to use, trusted by consumers and businesses, and resilient enough to support the next phase of digital and AI adoption.





METHODOLOGY

Economic impact of the digital payments sector

We estimate the economic impact of the digital payments sector by multiplying the following together:

- **Value of UK card transactions**. We draw on industry intelligence data from Payments Cards and Mobile, which reports that in 2024, the total value of card payments in the UK was £1.046 trillion.
- **The average Merchant Service Charge (MSC) fee**. We draw on Payment Systems Regulator analysis which weighted average for the MSC fee on a transaction. This represents revenue for merchants and acquirers from card-related transactions.
- **The ratio of Value-Added Services (VAS) and embedded finance to acquiring revenue**. We draw on BCG data on the ratio of sector revenue that comes from innovations and commodities beyond acquiring and acceptance revenues, like A2A, embedded finance, and tokenisation. This accounts for revenue from additional products beyond card payments.
- **Output-GVA ratio in financial services**. We draw on the ONS Supply and Use Tables to calculate the ratio of intermediate output (such as spending data) to GVA for 'Financial service activities, except insurance and pension funding'. This adjusts our estimate so it is expressed in final GVA terms.

We divide this estimate by the value of UK GDP in 2024 according to the ONS to express the economic activity generated by the digital payments sector as a proportion of UK GDP.



Impact of increasing AI adoption

We estimate the economic impact of increased AI adoption in the digital payments sector by 2030 by summing the impact of three key effects:

Increased labour productivity

AI is set to boost labour productivity by augmenting and automating tasks for workers. We draw on Public First's AI Opportunity model for the UK, which estimates the potential impact of AI using the Goldman Sachs methodology for calculating the growth and productivity impact of AI.

In order to estimate the economic impact of AI, we:

- Draw on the US O*Net occupation database, which contains information on 51 different types of work activity for around ~800 types of occupations.
- Based upon Goldman Sachs' identification of the types of tasks exposed to automation by generative AI, classify the proportions of tasks in each occupation that are susceptible to automation.
- Aggregate this into broader economic categories based on their overall share of US employment and average wage bill, and then create our own crosswalk to convert the results from each occupation to the corresponding occupation in ISCO-08.
- Aggregate by wage bill, occupation and sector using International Labour organisation (ILO) data to produce an estimate of the total possible improvement in labour productivity.
- Assume capital intensity remains constant, and convert this labour productivity improvement into an overall improvement in GVA.

We isolate the overall percentage improvement in GVA associated with financial service activities, and multiply by the projected GVA of the digital payments sector in 2030. We estimate projected GVA by applying BCG's estimated CAGR for the digital payments sector in Europe to our estimate for the **Economic impact of the digital payments sector.**

Fewer false declines and abandoned purchases

We estimate the impact of AI in driving incremental reductions in false declines and other causes of abandoned online purchases. We do this by multiplying together the following:

- **Online retail spend**. We estimate this by drawing on House of Commons Library data on total retail sales value in 2024 as well as ONS data on Internet sales as a percentage of total retail sales and historic rates of growth in online retail. We combine the three to project Internet retail sales value in 2030.
- **AI-driven uplift in acceptance**. We select a conservative uplift from an early commercial pilot from Stripe which finds a 2.2% uplift in revenue following the adoption of AI-powered acceptance optimisations.
- **Output-GVA ratio in financial services**. We draw on the ONS Supply and Use Tables to calculate the ratio of intermediate output (such as spending data) to GVA for 'Financial service activities, except insurance and pension funding'. This adjusts our estimate so it is expressed in final GVA terms.

Reduction in fraud

We estimate the impact of AI in improving fraud detection tools by multiplying together the following:

- **Losses from fraud**. We draw on UK Finance data on total losses from fraud and year-on-year growth in fraud losses to project the total value of fraud losses in 2030.
- **AI-driven reduction in fraud**. We draw on a commercial case study from Visa where the business studied saw a 60% reduction in fraud following the adoption of specialist analytics applications.

We sum these three impacts together and adjust by the rate of AI adoption in the UK in 2030. We derive this adoption rate from Public First's AI Adoption model, which estimates AI adoption between 2020 and 2050 by drawing on a market's consumer downloads of AI apps and AI-related patent applications by firms.

Impact of Visa developer tools

We estimate the business revenue for UK FinTechs facilitated by Visa's developer tools supporting the creation of new revenue streams. We define new revenue streams as products and services that either did not exist or were significantly less common in 2019. We multiply the following together:

- **UK FinTech revenue**. We derive this from FinTech Magazine's estimate for the sector's total revenue in 2024.
- **Share of FinTech revenue that comes from digital payments**. We use KPMG analysis on the share of global FinTech funding that was accounted for by payments in 2024. This served as a proxy for the size of digital payments as a subsector within FinTech.
- **Share of FinTech digital payments revenue that comes from new products**. We draw on BCG analysis on the proportion of revenue in digital payments that comes from Value-Added Services and embedded finance in Europe, taking the higher end of this range to allow for the UK's comparatively dynamic market for new products.

Potential loss in consumer spending from fraud risk

Using polling data on the share of consumers that would be likely to proceed with a payment at different price levels with a 5% risk that they would lose their money, we:

- Estimated the share of consumers that would proceed with the transaction at each price point.
- Observed the price point at which nearly three-quarters of the population would not proceed with a risky payment.

To calculate the commensurate loss in annual consumer spending, we multiplied:

- The total annual consumer spend made on the Internet in 2024.
- The share of that total spend that is directed towards purchases greater than or equal to the minimum price point from above.
- The share of the population that would not proceed with a payment above the minimum price point above if risk > 5%.

Sales uplift from digital payments (including for SMEs)

We estimate the sales revenue driven by digital payments between 2019 and 2024 by summing the impact of two key effects:

Uplift in spending

We estimate the uplift in consumer spending overall due to the security, flexibility, and convenience of digital payments by multiplying together the following:

- **Household final consumption expenditure**. We use ONS National Accounts data on total final consumption expenditure between 2019 and 2024.
- **Share of transaction value accounted for by digital payments**. We take an average of annual transaction value from digital payments from British Retail Consortium Payments Surveys between 2019 and 2024, weighting by total annual household consumption.
- **Consumption elasticity of digital payments**. We draw on Moody's Analytics analysis, which finds that in the UK a 1% increase in digital payments use is associated with a 0.11% increase in GDP. We use this as a reasonable proxy for the consumption elasticity of digital payments.

Additional conversion at online checkout

We estimate the economic activity from additional conversions at online checkout from additional payment options and optimised checkout platforms by multiplying together the following:

- **Online retail sales.** We estimate this by drawing on ONS data on total retail sales and Internet sales as a percentage of total retail sales between 2019 and 2024.
- **Conversion uplift.** We take a conservative estimate out of available commercial products for increasing payment options and optimising checkouts, drawing on data from Stripe's Payment Element. Businesses using this suite of tools for integrating pre-built payment UIs, additional payment methods, and one-click checkout saw a 10.5% increase in revenue.

We sum these two effects to derive the total uplift in sales revenue driven by digital payments.

We multiply this by SME share of UK business turnover, weighted by relative SME acceptance rates for digital payments, to estimate the uplift in sales revenue for SMEs over the same period.

Security uplift from Visa products and services

We estimate the additional economic activity facilitated each year by Visa products and services making it safer, easier, and more secure to transact. We multiply the following together:

- **Household final consumption expenditure**. We use ONS National Accounts data on total final consumption expenditure in 2024.
- **Share of transaction value accounted for by digital payments**. We draw on the share of total transaction value that comes from digital payments in 2024 from British Retail Consortium Payments Survey data.
- **Consumption elasticity of digital payments**. We draw on Moody's Analytics analysis, which finds that in the UK a 1% increase in digital payments use is associated with a 0.11% increase in GDP. We use this as a reasonable proxy for the consumption elasticity of digital payments.
- **Visa's contribution to the overall security and convenience factor of digital payments**. We proxy Visa's contribution to the sense of safety and convenience linked with digital payments by expressing the total value of fraud prevented by Visa as a share of the total value of fraud prevented in the UK in 2024. We draw on Visa's first party data for the value of fraud prevented before the authorisation stage, and UK Finance data on the total value of fraud prevented before the authorisation stage overall in 2024.
- **Output-GVA ratio in financial services**. We draw on the ONS Supply and Use Tables to calculate the ratio of intermediate output (such as spending data) to GVA for 'Financial service activities, except insurance and pension funding'. This adjusts our estimate so it is expressed in final GVA terms.

Time savings from digital payments in 2035

To estimate the average time saved by an individual, we:

- Converted our consumer polling estimates on the frequency of use of different payment methods into number of uses per person per year.
- And to this we applied empirical evidence on time saved per payment method.

To estimate time saved per person by 2035 of the right policy choices were made, we relied on external evidence on time savings from two main policy choices from Visa's 2030 vision: maintaining cards on file and avoiding OTP redirects. For each of the two policy choices, we multiplied the following to calculate time savings by 2035:

- The growth of online transactions into 2035.
- The market permeation of the new technology between 2025-35.
- And the time savings from the policy option.

Impact of local payments outages

We estimate the impact of a total payments outage during the eight-hour workday for local economies. We do so by multiplying together the following:

- **Proportion of daily economic activity that occurs during the eight-hour workday**. We proxy this using data from the ONS Time Use Survey on the proportion of employment that takes place between 9am and 5pm on a weekday.
- **Card share of total transaction value**. We divide total spend from debit and credit cards by total household consumption as a proxy for the share of transaction value that comes from consumers using cards (the payment method that would be overwhelmingly affected during this outage). We draw on ONS National Accounts data on total consumption, and industry intelligence data from Payments Cards and Mobile, which reports that in 2024, the total value of card payments in the UK in 2024 was £1.046 trillion.
- **Proportion of economic activity that derives from a consumer-facing sector**. We build on the ONS' definition of consumer-facing activities by sector, summing GVA across predominantly consumer-facing sectors and dividing this by total UK GVA to estimate the proportion of economic activity that would be most affected by an outage affecting card payments.
- **Local daily GVA**. We draw on ONS and Nomis data on total GVA by region and by local authority district, dividing this annual figure by 365 to obtain an estimate of daily GVA in our selected locations.

Scenario modelling

We model three future scenarios for the UK digital payments sector in 2030:

Scenario 1: Over-regulation. This scenario assumes that the UK digital payments sector is subject to heavy regulation, resulting in decreased incentives for innovation and reduced headroom with which key players in the sector can invest in system resilience and product development. In this scenario, the sector also attracts less international investment as a result of losing its dynamic, world-leading position in the global payments space.

We estimate the economic impact of the digital payments sector in 2030 in this scenario by projecting forward our value for the **Economic impact of the digital payments sector** in 2024 using the overall rate of growth for the UK economy from the IMF. This reflects a situation where the digital payments sector no longer outcompetes the wider economy due to reduced investment and innovation.

Scenario 2: Default. This scenario assumes a state of homeostasis for the sector, with current levels of economic activity and innovation being maintained.

We estimate the economic impact of the digital payments sector in 2030 in this scenario by projecting forward our value for the **Economic impact of the digital payments sector** in 2024 using BCG's forecasted compound annual growth rate (CAGR) for European digital payments. With a CAGR of 6.4%, the sector remains more dynamic than the wider UK economy in this scenario.

Scenario 3: Innovation. This scenario assumes that the UK works to actively boost innovation and investment in the digital payments sector to retain its world-leading position against growing competition. Under policies encouraging open innovation and a market approach to digital payments, businesses like Visa retain headroom beyond their fixed costs to re-invest, boosting system resilience, product innovation, and encouraging wider complementary investment. This additional economic activity is realised via the following channels:

- **Product innovation:** New products result in ever faster, more secure payment methods. We quantify this as the economic value of time savings from faster digital payment methods, derived from our data point **Time savings from digital payments in 2035**. We adjust this data point to reflect additional time savings in 2030 and monetise these savings by using a weighted average of projected annual GVA per worker in 2030 and the equivalent value of non-worker time.

- **System resilience:** Key players use headroom earnings to invest in bolstering system resilience using the latest technologies. We model this by quantifying the value of fraud reduction from AI-enabled innovations in detection (see **Impact of increasing AI adoption**).

- **Wider complementary investment**: A pro-innovation, open digital payments sector incentivises wider investment in the UK FinTech sector. We model this by identifying the ratio of additional FinTech funding the UK receives relative to comparable European economies, drawing on City AM reporting. We project this investment forward to 2030, isolating the value of this additional investment.

Impact of fraud on consumer spending

We estimate the impact of fraud on total consumer spending by multiplying the following:

- total consumer spending in 2024, from ONS data on individual consumption expenditure.

- The share of all digital or non-cash payments in the UK in 2024, from UK Finance Ltd research.

- The probability of becoming the victim of a fraud offence, from ONS crime survey data.

- Research from Visa which shows that on average, consumer spending drops by 35.1% in the six months after a fraud event. We annualise this estimate by halving this percentage.

Sleep versus fraud trade-off

Following the methodology of Brynjolfsson et al (2019), we used a "willingness to accept" framing to model the current default hypothetical consumers face. We polled consumers on the minutes of sleep they would rather lose a night than increase their exposure to fraud, randomising the time in minutes respondents were asked to consider as part of their choice.

We took the weighted share of respondents who would prefer to lose sleep than give up secure payments at each 'price point' (minutes of sleep foregone). We fit a regression between the 'price point' and the share willing to give up secure payments in order to compile these data into a coherent demand curve, identifying the slope and intercept. Finally, we calculated the area under the demand curve as consumer surplus, or the minutes of sleep that secure payments are worth for the average consumer.

Impact of increasing SME digital adoption

We estimate the potential increase in UK GDP from higher digital payments adoption amongst SMEs. Our approach combines evidence on current SME acceptance rates for digital payments, the sales uplift associated with accepting contactless payments, and estimates of the elasticity between digital payments usage and GDP.

First, we estimate the share of UK small businesses that could still adopt digital payments. We draw on National Enterprise Network data on current card acceptance rates amongst SMEs as a metric of digital payment acceptance. We then increase this adoption rate to 95% (a full-adoption figure that allows for some informality) and apply analysis from the National Enterprise Network on the increase in card sales following acceptance of contactless payments. Taken together, this gives us the potential percentage increase in card sales for SMEs from closing the adoption gap in digital payments.

We then scale this SME-specific uplift to the wider economy using the share of UK GDP accounted for by SMEs (48%). Finally, we apply Bank for International Settlements (BIS) research on the GDP elasticity of increased sales from digital payments. Finally, we multiply the resulting percentage increase in GDP by total UK GDP in 2024 to express the uplift as an absolute increase in GDP.

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