



the payments association



Unlocking growth through digital payments innovation: the economic impact of inclusion

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Contents



Foreword	3
Executive summary	4
Introduction	6
Chapter one: Innovations in card payments	8
Innovation in action.....	9
Looking ahead.....	10
Chapter two: Innovations in data sharing	11
Day-to-day applications	11
Supporting sustainable lending	12
The next frontier.....	13
Chapter three: Innovations in the workplace	14
Where next?.....	15
Recommendations	16
Conclusion	17
Contributors	18



Foreword

Pooja Bhachu

Commissioner, **Financial Inclusion Commission**, Lead, The Payments Association's **Financial Inclusion Working Group**, and Director, Government Affairs and Policy, UK & Ireland, **Mastercard**

The UK is making significant strides to combat financial exclusion. The FCA's Financial Lives Survey 2024 found the percentage of unbanked adults in the UK has dropped from around 2.5% in 2017 to 1.6% in 2024. However, while progress has been made, there is clearly more to be done. The figure rises from 1.6% to 4% in the most deprived areas of the UK (two and a half times the UK average) and increases again to 8% among unemployed adults (five times the UK average), highlighting the disparities that require targeted action.

1.6% of UK adults are unbanked



This figure rises to 4% in the most deprived areas of the UK



and 8% among unemployed adults

As an industry, we must retain an unwavering focus on continuing to enable financial inclusion. This is also something the government has recognised, with HM Treasury's forthcoming National Financial Inclusion Strategy hopefully setting out how to support those who remain financially excluded or underserved.

The payments industry also has a role to play in turning this ambition into reality. The key motivator behind Mastercard's support for The Payments Association's Inclusion Working Group is the simple belief in parity; everyone should have access to the digital economy. Championing payments innovation that helps drive financial inclusion lies at the heart of this.

For many years, banks, fintechs and payment service providers have harnessed payments innovation to deliver solutions that drive positive change. From prepaid and biometric cards to open banking solutions and budgeting applications, these innovations are helping millions of unbanked and underbanked consumers to access essential financial services.

Financial inclusion isn't just a matter of social equity; it is also an important driver of economic growth. When more people gain access to digital financial tools, they are empowered to transact, save, and invest. That's why, at Mastercard, we're proud to have helped 960 million people connect to the digital economy since 2015, as part of our commitment to connect 1 billion people to the digital economy globally by the end of 2025.

Building a more inclusive financial landscape is not only the right thing to do, but also a key contributor to the economic future of our nation. Research by EY shows that for every 1% increase in card penetration, there has been an average increase of 0.12% GDP per capita across a group of OECD countries. It also found that card payments alone facilitate 6.5% of GDP in the UK.

Similarly, research conducted by the Centre for Economic and Business Research (CEBR) across 30 countries (including the UK) shows that real-time payments (RTPs) are expected to generate approximately £128 billion in additional economic output by 2026. Data from Fair4All Finance shows that an extra £6.4 billion in GDP could be available every year if we unlock access to inclusive financial services. A recent study by EY found that a reformed account-to-account (A2A) payments infrastructure will facilitate innovation and generate economic growth in the UK of up to £9 billion in GDP.

With its forthcoming National Financial Inclusion Strategy, the government has reiterated its commitment to prioritise efforts to strengthen individuals' financial capabilities. Through leveraging the power of innovation, the payments industry can play a critical role in helping to deliver the strategy, supporting better outcomes for individuals across the UK and driving meaningful economic growth.

Executive summary

The UK is making strong progress in tackling financial exclusion, but millions of people are still unable to access appropriate financial services. Addressing this gap is a national priority, and the pending publication of HM Treasury's National Financial Inclusion Strategy signals an important milestone in advocating for change.



Innovation in digital payments – in its many forms – is a key vehicle for delivering this change and building a more inclusive financial ecosystem that contributes to wider economic growth.

This paper from The Payments Association's Financial Inclusion Working Group examines the digital payments innovations that are already turning the dial when it comes to reducing financial exclusion and boosting growth. It also looks beyond the now to explore how innovation in payments will continue to facilitate the creation of new products and solutions in the future, and the impact this will have on reaching unbanked and underbanked people, thereby contributing to wider economic growth.

Through new research undertaken by WPI Economics, as well as qualitative contributions from innovators and experts across the payments industry, we can conclude that solutions such as prepaid cards, open banking, and budgeting apps, are already making significant economic contributions, but have the potential to be scaled further:

- **Increasing the use of prepaid cards** supports budgeting and could unlock £210 million in funds that would otherwise be used to pay debt interest payments.
- **Use of Personal Finance Management (PFM) apps** can make users as much as £445 better off each year, meaning that they could provide a collective boost of £24.5 billion to consumer finances yearly.
- **Specific PFM features** such as round-ups can save users up to £12.37 per week, or £648 per year. If every user of PFMs in the UK were to make just 30% of these savings, this could unlock nearly £1.3 billion in savings for these consumers per year.
- Based on an estimated typical advance of £193 taken over a two-week period, users of **Earned Wage Access** schemes, enabled by card and account-to-account (A2A) payment systems, are saving more than £69 million a year in fees and interest compared to if they had to make use of payday loans.
- **Workplace Savings Schemes, enabled by (A2A) payment systems**, could lead to increased savings of up to £630 million annually, if they were expanded to the three million people who currently don't have any savings.

Financial inclusion is not only a matter of fairness, but a key driver of economic growth. With the government prioritising financial resilience, the industry's role in delivering innovative, inclusive financial services is more crucial than ever.

Recommendations

To support financial inclusion and economic growth, collective action must be taken by the government, regulators, and the financial services sector. This includes:



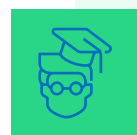
Recognise the link between digital payments innovation, inclusion, and economic growth in HM Treasury's forthcoming National Financial Inclusion Strategy.



Ensure adequate policy support for industry to continue to scale up card payments innovation, such as prepaid cards, digital wallets, biometric cards and wearables.



Focus on improving awareness of these solutions amongst vulnerable consumers, including embedding this knowledge as part of the debt advice framework.



Increase the emphasis on financial education. For example, educating children from a young age, as well as educating older consumers and businesses alike about the availability of existing digital payment solutions and structures that support financial inclusion.



Introduction

Noyan Nihat

Co-CEO, CardaQ and Inclusion Working Group Mentor

The UK's payments industry is working hard to move the needle on financial inclusion. Numerous industry-led, innovative solutions have helped to bring more people into the fold of mainstream finance.

However, with the economic events and uncertainty of recent years impacting many people's financial resilience and ability to engage with mainstream financial services, inclusion must remain front and centre for policymakers, regulators and industry. It's not only the right thing to do, but it is also critical to economic growth.

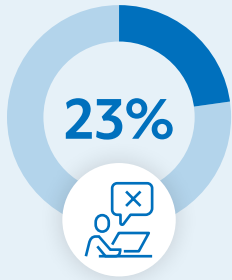
Recently, the FCA found that 22% of all adults feel overwhelmed by financial matters and 40% of those with loans suffer from anxiety related to debt. This takes a toll on the workplace, as the Social Market Foundation found one in eight workers say money worries impact their concentration, and WPI Economics' analysis has shown that this loss of productivity could be costing the economy up to £9 billion annually.*

There is a clear connection between a person's financial health and their overall wellbeing. The CIPD's 2025 Health and Wellbeing at Work report found that the annual level of sickness absence in the UK has risen to 9.4 days per employee on average, compared to 5.8 days in 2019. Mental ill-health, which can sometimes be associated with financial issues, is the leading cause of long-term absence (41%) and a major driver of short-term absence (29%), alongside stress (26%). **A study by AXA UK shows that poor mental health in the workplace cost the UK economy £102 billion in 2023 alone.**

Reducing debt, for example, relieves the pressure people feel when they are struggling to make ends meet. Pepper Money research found that one in three say financial stress has harmed their mental health. Anxiety undermines wellbeing and productivity, and research by Fair4All Finance shows that cutting stress-related workplace absence could add £5.9 billion to the economy.



* The Payments Association commissioned independent research from WPI Economics to understand the potential consumer benefits of payments innovation.



23%
of UK adults
struggled to access
a financial product
or service

Financial inclusion is not just a social need, but an economic imperative. It supports key government priorities: boosting productivity, creating opportunities within all communities, reducing pressures on the NHS, and improving workplace wellbeing.

However, from May 2020 to May 2022, 23% of UK adults struggled to access a financial product or service. Fair and equitable access to financial services is fundamental. Without it, people's lives are severely restricted, and the existing social disparity is reinforced. From an economic perspective, a key component of growth is increasing the number of people who are consistently participating in the financial ecosystem, be that buying milk in a local corner shop or taking out a mortgage to buy their first home.

With new payments innovation being considered as part of delivering the government's National Payments Vision, we have a once-in-a-generation opportunity to ensure this innovation can enable financial inclusion and support sustainable, inclusive economic growth.



Payments innovations that have been around for a while, like prepaid cards, are being applied to new use cases, but could be scaled further. Nascent technology, such as open banking, can be expanded into wider areas of finance, and emerging solutions, such as earned wage access (EWA) and workplace savings schemes, can be rolled out more widely.

If the UK is serious about building inclusive growth, financial inclusion must be at the heart of its agenda. **Innovation is key to this.**

Chapter one:

Innovations in card payments

The FCA's Financial Lives survey shows that, in 2024, 4.8% of adults say they used cash for everything they bought. Cash is still a crucial means of payment and widely valued by those who are underbanked or financially vulnerable.

However, digital payment options, such as prepaid cards and digital wallets, can provide people with more choice, as well as other benefits, including help with budgeting, and financial guidance and support that aren't present in cash transactions. Prepaid cards can also be a critical first step to support consumers to build their confidence and skills when using digital financial services.

Introduced in the 1970s, prepaid cards can be loaded with a specific amount of money by the user or card issuer. They can be used for online shopping, bill payments, or everyday purchases, and are accepted wherever other debit or credit cards are accepted, providing a convenient and safe way to pay. They are not tied to a traditional deposit account and have become a key conduit for payments by those without access to mainstream banking services, such as those seeking asylum, experiencing homelessness, or within the criminal justice system.

The leading reasons for this are:

- **They have a simple onboarding process** – often without the credit checks or proof-of-address requirements for mainstream bank accounts. This is particularly valuable for those experiencing homelessness, who may not have a fixed address.
- **They offer an additional option to cash, or can help individuals reduce reliance on cash, and create a transaction history** – which can support access to broader financial services like access to credit or bank accounts with additional features like overdraft facilities.
- **They support digital financial inclusion** – they offer individuals a way to grow their digital skills and confidence, for example, by linking to apps that track spending or digital wallets, and access to online payments and other digital financial services, including online subscriptions.
- **They help with budgeting and managing debt** – as users can get regular balance updates and are only able to spend the pre-loaded value, preventing overspending, the use of high-interest overdrafts and debt payment.

The last use case, budgeting and managing debt, is particularly valuable for prepaid card users. Recharge has found that, of the 11.4 million who currently use these cards, more than one in four (26%) do so with the intention of avoiding debt.

Money Wellness has determined that, as the average amount of overdraft is £709, the avoidance of debt could lead to significant savings in interest payments. With nearly three million people using prepaid cards to help them budget and thereby possibly avoid debt, WPI Economics' analysis suggests that even if only one in four of these consumers successfully avoided debt completely, this would amount to £210 million in reduced debt interest payments.



If only
one in four

consumers using prepaid cards successfully avoided debt completely, this would **amount to**

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in reduced debt interest payments.

Spotlight on: Sara

Sara is a young mother working multiple jobs for whom budgeting is key. In the past, she's been forced to turn to high-interest payday loans to manage additional expenses – for example, a school trip for her daughter, or Christmas presents. A year ago, she started to use a prepaid card for everyday budgeting to help keep track of spending. By having more oversight of where her money is going and where she can make savings, payday loans have become a thing of the past, and she's been able to avoid over £1,000 in debt interest payments this year, which she has put aside to support with unexpected expenses. Not only that, but her prepaid card also includes a credit building option which is improving her credit rating and will allow her to access more affordable credit options in the future for any large, unexpected expenses, avoiding the ultra-high rates offered by payday lenders.

Any means to reduce debt is valuable, given that NimbleFins' analysis of data from the Bank of England has shown that the average UK household consumer debt (e.g. personal loans and credit cards), reached £8,238 in February 2025. Additionally, households owe another £9,056+ in student loans and those with a mortgage owe another £193,867 on average on their homes.

The economic benefits of ongoing innovation to support more people to adopt prepaid cards are clear. In 2022, EY reported that card payments accounted for an estimated 6.5% of GDP. Expanding access to digital payments including prepaid and other cards, is essential to supporting digital and financial inclusion, thereby enabling UK growth.

Innovation in action

There are multiple prepaid cards on the market today that are supporting the financially excluded.

Pockit is a prepaid Mastercard and mobile app. It has been designed specifically to support those who may face difficulty in accessing mainstream financial services, for example, refugees, those who have recently left prison, or individuals who have experienced homelessness. By not requiring users to provide credit history, proof of address, or specific forms of ID, it enables individuals at the highest risk of being unbanked to access financial services. As well as payment and budgeting capabilities, it includes features such as a credit builder, earned wage access in the form of payday advances, and consumer protection on purchases. Importantly, this helps to build individuals' financial profile, enabling them to access other services such as credit, and move on to enhanced financial services such as a full-service current account.

Sibstar is a prepaid debit card and app designed to manage vulnerable adults' finances – including those with dementia, learning difficulties, or mental health challenges. With features such as daily and monthly spending limits, cash point withdrawal limits, and real-time transaction notifications, Sibstar cards protect vulnerable customers from fraud, and empower them to remain financially independent.

Jayne Sibley, Founder and CEO, Sibstar, said:

*"The demand for prepaid cards is growing rapidly, and their benefits extend far beyond convenience. By protecting vulnerable individuals' finances from fraud and misuse, they empower people to be financially independent and positively contribute to society by keeping money flowing safely. Many fintechs across the UK are united by the same mission: to innovate for good and in doing so, ease economic burdens. **We're all working hard to deliver on the government's agenda to bolster inclusion – but to really unlock the benefits for all, greater investment in such solutions is essential.** So much progress has been made: we're readily talking about the importance of including those that are often left to fall through the cracks; now we need to convert these conversations into solutions."*

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Sibstar

Visit the rest of The Payments Association's Inclusion Showcase from the Inclusion Working Group [here](#).



Money Carer offers money management and direct payment services for vulnerable adults, including older people. They have developed biometric cards and payments wearables and offer alternative prepaid card solutions to those that may otherwise be excluded.

Sean Tyrer, CEO and Founder, Money Carer, says:

“At Money Carer, we innovate for the vulnerable in our world. We work predominantly with older generations and those living with disabilities, and are committed to providing solutions that allow for inclusion for all - quite simply, everyone has the right to payment methods that work for them. Whether that’s an elderly person struggling to remember their pin or an individual who struggles to use a traditional payment card, our innovations such as biometric payment cards are designed to break down financial exclusion in society and the economy.”

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money carer
Innovative
Money Management

Looking ahead

Sustainable, equitable financial resilience is essential to economic growth. Ensuring that the unbanked are part of this journey is crucial to unlocking growth, and this should be one of the foremost goals of the government’s upcoming National Financial Inclusion Strategy.

Innovations in card payments, such as prepaid cards, biometric cards, wearables, and digital wallets, are central to realising this vision, but their success relies on impact at scale. Increasing the availability and breadth of prepaid card options, and amplifying knowledge surrounding their benefits to individuals and society as a whole, will be an important next step, and provides a real opportunity for banks, fintechs, and other financial service providers to diversify their offerings.

Government, regulators, and the wider financial services sector must work together to ensure adequate frameworks are in place to support the scale-up of card payments innovations.

The next step for digital wallets could be the incorporation of additional functionalities and financial services. For example, Apple has recently incorporated a buy-now-pay-later option into its digital wallet, and UK Finance has found that this feature has seen a notable jump in use, with users rising from 14% to 25% of UK adults in just one year. No interest options - with clear terms and conditions about repayment - can support more people to access affordable credit, bolstering their financial capabilities and resilience, as well as the volume of payments and transactions across the UK.

Chapter two:

Innovations in data sharing

As of July 2025, open banking technology has reached more than 15 million users across the UK. It facilitates better data sharing between financial institutions, enabling more tailored financial products and services, and has stimulated competition, driving new innovations. Its introduction and increasing adoption have shifted the way in which individuals and businesses can interact with financial services, as well as how data can be used to improve outcomes for individuals.

Day-to-day applications

Increased data sharing, including via open banking, has facilitated a boom in personal finance management apps (PFMs): software-based applications that streamline consumers' finances by offering day-to-day budgeting tools, savings round-ups, and simplified investments. They also support young people to gain financial education and essential skills, often by simplifying traditionally complex financial topics with engaging language and gamification techniques that resonate with younger, digitally native generations.

Research has shown that PFMs can make existing users as much as £445 better off each year, and analysis by Tink suggests they could provide a collective annual boost of £24.5 billion to consumer finances. Leading solutions include Moneybox, Plum, Cleo and Emma: apps that track spending and identify areas for saving.

Savings come from a range of areas, including via round-ups, the option for everyday purchases from a person's current account to be rounded up to the nearest pound, with the additional amount deposited in a savings pot within the PFM platform. This is an effective, simple way to support saving, particularly for those who may not have saved before or are unable to put aside a lump sum.

Research for Moneybox shows that making effective use of round-ups can save users up to £12.37 per week, or £648 per year, showing that even amongst PFM users, there are still further savings to be made. **WPI Economics' analysis has shown that if every user of PFM apps in the UK were to make just 30% of these savings, this could save them nearly £1.3 billion per year collectively.**



Tink suggests that use of PFMs could provide a **collective annual boost of**

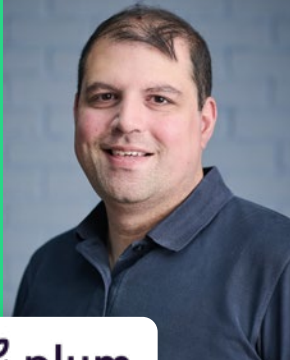
£24.5 billion

to consumer finances yearly

Rajan Lakhani, Head of Public Relations and Communications, Plum, said:

*"PFMs like Plum have made a very significant contribution to improving financial inclusion. These apps have been designed around where the consumer is, not where the provider would like them to be. They acknowledge that people don't have the information or struggle to make the time to manage their finances. By making it easier for them thanks to innovations like automation and AI, they're more able to set aside funds, build their financial resilience, and grow money for life. Features like round-ups are straightforward to implement and help people to build emergency funds so they're less likely to need to use government support, thereby supporting economic growth. **The language within these apps makes them more appealing and accessible, using simpler, easier-to-understand terms that help users to build their confidence and engage.**"*

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 plum

PFMs can also help to develop financial literacy, particularly among younger demographics. GoHenry is a money app that supports 6-18-year-olds to learn how to save, spend and invest - all with parental oversight. Having pioneered a new category in financial education when it launched in 2012, over 2.2 million children have now learnt essential money skills with GoHenry.

Louise Hill, Founder and Executive Chair, GoHenry, says:

“As a mission-led business, GoHenry has been campaigning for the past five years to make financial education compulsory from primary school. We know from our research that 84% of kids want to learn money skills - and we want to see the UK lead in this area so that EVERY kid grows up smart with money.”

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goHenry

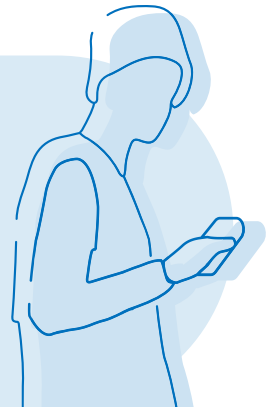
Investing in financial education for younger generations is paramount and empowers people to build essential digital financial skills and make informed financial decisions throughout their lives. Its importance is only underlined by the fact that a fifth (22%) of adults lack confidence managing their money, and 36% say they have low knowledge about financial matters.

However, parity in access to financial services means reaching every demographic, and although PFMs are popular among younger, digitally native generations, they are not exclusive to this group. Increasingly, digital payments innovations are also supporting older generations to remain financially included for as long as possible.

For example, Money Carer's products include a banking platform to support organisations and individuals to safely manage the finances of others, and an application to help carers to manage their clients' finances, promote independence and financial inclusion for the vulnerable people they support.

Spotlight on: Phoenix

Phoenix has just started university and is embracing his newfound financial freedom. But he's living on a tight budget and is aware of making his student loan last for the full term. To help him keep track of his spending, he's downloaded an app that links to his bank account through open banking. The app analyses his transactions to show him exactly how much he spends each month on certain things: nights out, groceries, subscriptions. It's helped him identify that he was paying for two different music subscriptions, so he could cancel one. He's also set up round-ups for his spending so that each time he uses his normal bank card, the app rounds it up and puts it into a separate savings pot. He's planning to put this money towards a holiday with his flatmates at the end of the year.



Supporting sustainable lending

The application of open banking to creditworthiness and affordability checks has lowered barriers to affordable credit in recent years. An example of this is Incuto, which offers a cloud-based technology platform that allows community lenders to enhance their customer experience and automate back-end processes. The application of this technology empowers community lenders to serve a greater number of customers with reduced rates, thereby reducing reliance on high-cost lenders and fostering long-term financial resilience.

Visit the rest of The Payments Association's Inclusion Showcase from the Inclusion Working Group [here](#).

John Neasham, Co-Founder, Incuto, said:

*“Open banking is unlocking innovation that drives financial inclusion and growth. By using shared data to digitise credit unions nationwide, we have boosted efficiency and cut costs, enabling them to better serve their communities and foster togetherness. Founded in response to the rise of payday lenders with exploitative interest rates, we ensure access to fair loans - vital to protecting people from debt spirals. **No one should be left behind in accessing financial services, and innovations don't have an impact unless they serve everyone – not just the privileged few.** This belief sits at the heart of our work, and we encourage fintechs to be brave and take risks that will have profound social and economic impacts.”*

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incuto

The next frontier

Looking ahead, expanding open banking innovation to open finance and smart data-focused solutions should be the priority focus. Open finance is the next phase of open banking, which offers increased interoperability between financial services providers, and utility and telecommunications companies.

A report by the Centre for Finance, Innovation and Technology (CFIT) underscores the potential of open finance and its ability to deliver direct benefits. **Open finance can facilitate a number of enhanced payments capabilities that can boost inclusion**, including:

- Instant A2A transfers and streamlined verification processes, enabling faster, more secure payments.
- Widespread access to new forms of credit assessment and affordable lending, enabling more people to access affordable credit options.
- Tailored debt advice – demand for which has been climbing by 10-20% per year for the past four years.

Another key area where open banking and digital payments innovation can impact more broadly – including in account-to-account payments – is creating payment solutions that offer more flexibility and choice for consumers.

One example is enhancing variable recurring payments (VRPs), which function much like traditional direct debits, and can deliver recurring payments through open banking with greater flexibility for users.

However, current VRP solutions can be further developed and improved, leveraging new payments innovation. A report by Fair by Design has suggested important next steps for their development:

- Enhanced clarity around how and when suppliers would take payment, so that consumers have full oversight over when and how much money is leaving their accounts
- Clearly communicated benefits of allowing energy suppliers to access bank transaction data, to ensure consumers feel they have control over their finances
- More robust rules around payments in arrears.

VRPs and other payment services, including those enabled by a next-generation A2A payment system, which offer greater flexibility and control for users, could play a key role in furthering the government's National Financial Inclusion Strategy. They could help bolster financial resilience and accessibility, given their ability to streamline payments and provide options for low-income households that may face cash-flow problems.

The government must continue to focus on improving awareness and the understanding of digital payment options amongst vulnerable consumers. This could be achieved by building that knowledge into the debt advice process, and by providing financial education for children, older people, and businesses. The goal is to make sure everyone can access and benefit from the digital payments infrastructure already in place.

Chapter three:

Innovations in the workplace



if workplace savings schemes were available to the three million people who currently don't have any savings, this could lead to **increased savings of up to £630 million annually.**

Workplace financial services schemes are newer innovations, but the impact of earned wage access (EWA) schemes and workplace savings schemes is already evident.

EWA schemes are typically provided by third-party providers that leverage employer payroll data to allow workers to access a portion of their wages before payday. The innovation provides financial flexibility and liquidity in times when workers may otherwise have no choice but to turn to credit providers, including high-cost payday loans.

According to HR Magazine, these schemes are already used by more than 500,000 UK workers annually. WPI Economics' analysis shows that, based on an estimated typical advance of £193 taken over a two-week period, users are saving more than £69 million a year in fees and interest, compared to if they had to make use of payday loans.*

One successful example is Stream (formerly Wagestream), which is a workplace financial wellbeing platform that offers employees greater control over their money. Beyond its EWA feature, it offers tools for budgeting, saving, accessing affordable loans, tracking shifts and earnings, finding pensions, and even claiming government benefits - reducing reliance on high-cost credit and improving individuals' financial resilience. Workplace savings schemes have the potential to support millions of people to start saving regularly.

Stream's Chief Impact Officer, Emily Trant, said:

"Workplace savings schemes remove the friction of saving by automatically making deposits every payday, directly from salary. Harnessing behavioural science, they turn good intentions into consistent action – and in doing so, become a powerful tool against financial exclusion. This approach works. Stream's members alone currently have £64 million saved with our Workplace Savings product, with many having saved for the very first time. It's a simple, structural shift that supports healthy saving habits and builds employee financial resilience. For any employer wanting to tackle financial exclusion in their own organisation, workplace savings schemes are a no-brainer."

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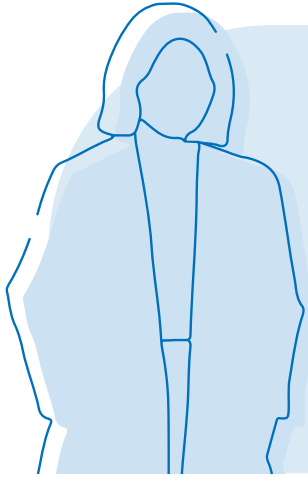


Stream

Workplace savings schemes are a promising route to support more people to save regularly. If employees sign up to use them, a portion of their pay is put into an accessible cash-savings account earmarked for saving every payday. They have also been effective in trials, and the FCA has recently called for their expansion. WPI Economics' analysis shows that if these workplace-based schemes were spread more broadly to the three million people who currently don't have any savings, this could lead to increased savings of up to £630 million annually (for opt-out schemes). **

**Note: estimated figures assuming that the EWA scheme is used six times a year*

*** Opt-out schemes are those put in place by employers for employees – however they are not mandatory. If employees don't want to save, there's a simple one-step opt-out, and employees can withdraw their money at any point without penalty.*



Spotlight on: Amara

After freelancing for many years, Amara has just started a full-time role. This is the first time she's ever had a predictable and consistent salary, and she feels ready to take the opportunity to help build up a nest of savings so that one day she'll be able to buy a place of her own. But she knows that when she receives her monthly paycheque, she has the tendency to spend it straight away. To counter this and ensure she still saves, Amara has enrolled in her company's workplace savings scheme to help her build a healthy savings habit. Every month, before her salary is paid, her employer puts a small amount aside in the same way it does her pension. She even gets a top-up from her employer if she volunteers to contribute a certain amount. In the past, she's taken out expensive loans to help bridge gaps between paycheques. This has cost her thousands in interest - but that's not an option she's looking at any more now that she has a rainy-day fund.

Where next?

Despite these workplace schemes proving their ability to support positive saving behaviours and improve employee financial wellbeing, the FCA reports that only 7% of UK employers currently offer them. Their expansion is an important next step.

With the FCA having provided clarity on rules surrounding workplace savings schemes in August 2025, it is hoped that more employers will be incentivised to adopt these schemes, paving the way for greater consumer financial resilience.

A2A payment systems are the powerhouse behind these solutions. Given that a next-generation A2A payments infrastructure is projected by EY to deliver £9 billion GDP in economic growth, if done right, there is a clear economic incentive for the government to also consider the financial inclusion benefits that a new A2A payment system could deliver when developing the National Payments Vision.

Looking ahead, the government, regulators, and the financial services sector must ensure a coordinated effort to improve financial education, which includes educating individuals and businesses alike about the availability of existing solutions and structures to improve financial inclusion. Increased awareness will be crucial to an uptick in payments innovation from prepaid cards, to PFM apps and workplace-supported schemes; all of which not only support financial inclusion, but crucially help individuals to build their financial capabilities and resilience.

Shaun May, Director, Strategy, Sustainability and Innovation, NatWest:

"Innovation has enabled broader access to financial services through digital platforms, embedded finance, and inclusive products and schemes. As the industry evolves, we all need to remain aware of the gaps that remain in digital literacy and trust, to ensure that the true value of these solutions is realised. Education, going on that growth journey with customers, is fundamental to making innovation accessible to, and a success for, everyone. At NatWest, we are working hard to empower consumers by meeting them where they are, with services tailored to their daily lives, helping to break down barriers to access and promote inclusion."

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Recommendations

Looking ahead, we recommend the following for the government, regulators, and the financial services sector to consider:



Recognise the link between digital payments innovation, inclusion, and economic growth in HM Treasury's forthcoming National Financial Inclusion Strategy.



Ensure adequate policy support for industry to continue to scale up card payments innovation, such as prepaid cards, digital wallets, biometric cards and wearables.



Focus on improving awareness of these solutions amongst vulnerable consumers, including embedding this knowledge as part of the debt advice framework.



Increase the emphasis on financial education. This includes educating children from a young age, as well as educating older consumers and businesses alike about the availability of existing digital payment solutions and structures.

With the UK securing 56% of Europe's fintech funding in the first half of 2025, according to Finextra, our homegrown talent is ready to scale this vision. As Chancellor Rachel Reeves put it at this year's Innovate Finance Global Summit, the government is committed to 'backing the builders, wealth creators, and job creators' that make the UK a global fintech leader.

Payments innovation and its role in boosting financial inclusion is no longer a fringe conversation; it's a national imperative. Financial inclusion is the cornerstone of national economic prosperity. By centring inclusion at the heart of the nation's payments innovation strategy, and with the right support from government, regulators, and industry leaders, we can unlock new opportunities for individuals and businesses, resilience for communities, and sustained growth for the economy.

Conclusion

Digital payments innovation across cards, A2A, and open banking-based payments has already enabled millions of people to access essential, everyday financial services. More importantly, it has the potential to unlock millions more in benefits for UK consumers. The impact stretches far beyond individual households. By making spending more transparent, reducing debt, and improving access to financial services like credit and savings, digital payment services can help build the financial capability and resilience for underserved and vulnerable consumers, ensuring that financial inclusion remains a crucial lever for wider economic growth.

The benefits are multilayered. Greater inclusion reduces the toll of financial stress on mental health. The research undertaken by Fair4All Finance and AXA UK makes clear that when people have access to the right financial tools and services when they need them most, they are healthier, more resilient, and more able to positively contribute to society and the economy.

The UK has made important strides in payments innovation – as evidenced by the examples discussed in this report. Continuing to scale existing solutions, creating the right conditions for new solutions to flourish, and ensuring that barriers to access are limited and supported by the continued quest to bolster digital inclusion, is crucial because:

- **Increasing the use of prepaid cards** supports budgeting and could unlock £210 million in funds that would otherwise be used to pay debt interest payments.
- **Use of Personal Finance Management (PFM) apps** can make users as much as £445 better off each year, meaning that they could provide a collective boost of £24.5 billion to consumer finances yearly.
- **Specific PFM features** such as round-ups can save users up to £12.37 per week, or £648 per year. If every user of PFMs in the UK were to make just 30% of these savings, this could unlock nearly £1.3 billion in savings for these consumers per year.
- Based on an estimated typical advance of £193 taken over a two-week period, users of **Earned Wage Access** schemes, enabled by card and account-to-account (A2A) payment systems, are saving more than £69 million a year in fees and interest compared to if they had to make use of payday loans.
- **Workplace Savings Schemes, enabled by A2A payment systems**, could lead to increased savings of up to £630 million annually, if they were expanded to the three million people who currently don't have any savings.

To deliver these benefits for consumers across the UK, scaling solutions to reach more people will require the backing of key players.

Contributors



Pooja Bhachu
Director, Government
Affairs and Policy, UK
& Ireland
Mastercard



Louise Hill
Founder and Executive
Chair
GoHenry



Rajan Lakhani
Head of Public
Relations and
Communications
Plum



Shaun May
Director, Strategy,
Sustainability and
Innovation
NatWest



John Neasham
Co-Founder
Incuto



Noyan Nihat
Co-CEO
CardaQ



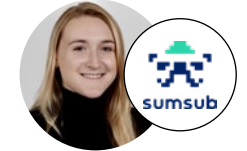
Jayne Sibley
Founder and CEO
Sibstar



Sean Tyrer
Founder and CEO
Money Carer



Emily Trant
Chief Impact Officer
Stream



Kat Cloud
Head of Government
Relations
Sumsb

Financial Inclusion Working Group

The Inclusion Working Group has the specific purpose to inform and collaborate with government, regulators, and third sector bodies, providing clarity on innovations and solutions in payments that can reduce financial exclusion and the poverty premium. It seeks to achieve this by collaborating with industry bodies, developing thought-leadership campaigns, and informing regulatory and legislative decisions.

Financial Inclusion Working Group Committee Members



Kat Cloud
Head of
Government
Relations
Sumsb



Sarah Hunnings
Chief Operating
Officer
BlueTrain



Nick Quin
Chief Corporate
Affairs Officer
Link



Simon Thomas
Head of Financial
Services
allpay



James Turner
Knowledge Counsel
Travers Smith



Kellie Youles
Head of Risk &
Deputy MLRO UK
Segpay

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All characters created to illustrate the applications of the payments innovations are fictional and not based on real events or people.

About The Payments Association

The Payments Association is the largest community in payments. Founded in the UK in 2008, the association now operates communities in the UK, EU, and Asia, helping almost 300 companies enhance their commercial interests, solve societal problems such as financial exclusion and evaluate new opportunities for innovation in payments.

Our purpose is to empower the most influential community in payments, where the connections, collaboration, and learning shape an industry that works for all.

We operate as an independent representative for the industry and its interests, and drive collaboration within the payments sector in order to bring about meaningful change and innovation. We work closely with industry stakeholders such as the Bank of England, the FCA, HM Treasury, PSR, Pay.UK, UK Finance, and Innovate Finance.

Through our comprehensive programme of activities for members and with guidance from an independent Advisory Board of leading payments CEOs, we facilitate the connections and build 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 our annual conference PAY360 and awards dinner, CEO roundtables, and training activities.

We run eight stakeholder working Project groups: Cross-Border, Digital Currencies, ESG, Financial Crime, Inclusion, Merchant Payments, Open Banking and Regulatory. The volunteers within these groups represent the collective view of The Payments Association members at industry-critical moments and work together to drive innovation in these areas.

We conduct exclusive industry research. This research is not legal advice. It is made available to our members through our Insights knowledge base to challenge and support their understanding of industry issues. This includes whitepapers, insightful interviews, and tips from the industry's most successful CEOs.

In addition, our **Payments Intelligence** platform provides members with data-led insight and strategic analysis across market trends, consumer behaviour and regulatory change — helping senior leaders turn information into action and make confident decisions in a rapidly evolving landscape.



the payments association

St Clement's House, 27-28 Clement's Lane, London EC4N 7AE

Tel: +44 20 3540 9760

Web: www.thepaymentsassociation.org

Email: info@thepaymentsassociation.org

X @ThePAssoc

in [The Payments Association](#)