



connecting the future

Call for Evidence – Financial Inclusion Strategy

Treasury Committee

November 2025

Response from  
The Payments Association

January 2026

## Introduction

The Payments Association welcomes the opportunity to contribute to the Treasury Committee Call for Evidence on the “*Financial Inclusion Strategy*”.

The community’s response contained in this paper reflects views expressed by our members and industry experts recommended by them who have been interviewed and who are referenced below. As The Payment Association’s membership includes a wide range of companies from across the payments value chain, and diverse viewpoints across all job roles, this response cannot and does not claim to fully represent the views of all members.

We are grateful to the contributors to this response, which has been drafted by Riccardo Tordera, our Director of Policy & Government Relations. We would also like to express our thanks to the Treasury Committee for their continuing openness in these discussions. We hope it advances our collective efforts to ensure that the UK’s payments industry continues to be progressive, world-leading, and secure, and effective at serving the needs of everyone who pays and gets paid.

Ben Agnew  
CEO  
**The Payments Association**

## Our members views:

We welcome the Government's Financial Inclusion Strategy as a framework to remove barriers to financial participation and build financial resilience across the UK. The Strategy's six pillars: digital inclusion and access to banking; savings; insurance; access to affordable credit; tackling problem debt; and financial education and capability, provide clear thematic focus. Three cross-cutting themes (mental health, accessibility, economic abuse) appropriately acknowledge additional barriers to inclusion.

However, to deliver meaningful change, the Strategy must sharpen its outcome targets, accountability mechanisms, resourcing, and policy design so that intentions translate into measurable impact for underserved individuals and small businesses alike.

In the latest report from The Payments Association's Inclusion Working Group, [Unlocking growth through digital payments innovation: the economic impact of inclusion](#), we address the issues identified in the Strategy by examining how digital payments innovation is already helping to reduce financial exclusion and boost economic growth. Through new research commissioned from WPI Economics, as well as qualitative contributions from innovators and experts across the payments industry, we explore how solutions such as prepaid cards, open banking, and budgeting apps, are already helping many consumers to reduce debt, improve savings and become more financially resilient.

### 1. Scope and Strategic Foundations

#### Major Challenges and Gaps

We recognise the Strategy's focus on persistent exclusion from banking and digital access as critical barriers to participation. However, the document under-emphasises:

- Microbusiness and SME inclusion: Small businesses face specific inclusion challenges (e.g., payment frictions, limited bespoke advice) that are not adequately addressed. We believe that microbusinesses and SMEs benefit from stronger inclusion, including access to low-cost accounts, faster payments, and tailored financial guidance, and that regulated fintech and non-bank account models play an important role alongside traditional banking, particularly for digitally engaged yet underserved users.
- Alternative access routes: The Strategy's bank-account focus overlooks the role of alternative financial infrastructures (e.g., e-money wallets, fintech-enabled accounts) that can play a vital role for digitally engaged but traditionally excluded groups.
- Coordination across policy domains: Financial inclusion intersects with welfare, health, and employment policy, yet the Strategy lacks a structured mechanism to coordinate these at delivery level. It also overlooks the link to delivery of the national payments vision, given payments innovation will be essential to delivering the NFIS.

#### Pillars and Cross-Cutting Themes

The six pillars provide a sound foundation, but they could be strengthened by:

- Setting clear outcome targets and milestones for each pillar to enable progress measurement.
- Ensuring *mental health, accessibility, and economic abuse* are not only cross-cutting themes but are backed by measurable interventions and tracking.

We support the inclusion of these themes but recommend that they be elevated to specific deliverables within relevant agenda areas to ensure they are translated into effective operational programmes.

## 2. Targets, Timeframes and Resources

### Outcome Targets and Review

- The two-year review timeframe to assess implementation progress is appropriate, but outcome targets across core indicators (e.g., reduction in unbanked adults, digital capability attainment, uptake of affordable credit) should be specified and tracked continuously. We would like to see clearer outcome targets and milestones set across the pillars, such as reductions in the number of unbanked adults, improvements in basic digital capability, and increased uptake of affordable credit, supported by ongoing tracking using existing data sources like the Financial Lives Survey.
- Benchmarks tied to existing data frameworks such as the Financial Lives Survey and ongoing measurement of financial resilience will help ensure accountability beyond interim high-level reporting. New research undertaken by WPI Economics for our report (referenced above), as well as qualitative contributions from innovators and experts across the payments industry, suggests 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:
  - a. 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.
  - b. 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.
  - c. 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.
  - d. 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.
  - e. 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.

### Resourcing and Sustainability

- While the Strategy highlights pilot initiatives and cross-sector working groups, core funding commitments for long-term delivery are not transparent. We would like to emphasise the importance of sustainable, long-term funding for delivery partners (e.g., community organisations, credit unions, debt advice providers), as well as clearer routes for scaling successful pilots rather than stopping at proof-of-concept stage.
- Sustainable funding models for local delivery partners (e.g., community organisations, credit unions) and for ongoing advice services (e.g., debt advice) should be formalised to ensure equitable geographic coverage and impact.

### **3. Policy Design and Effectiveness**

#### **Barriers and Policy Solutions**

The Strategy identifies major barriers well and includes some solutions (e.g., easing ID requirements for opening accounts). However:

- KYC/identity verification processes continue to exclude many groups. We recommend expanding alternative verification methods (e.g., third-party vouching, professional attestations) to complement current bank practices. We want to highlight the importance of alternative or supplementary verification approaches (such as professional attestations or trusted third-party vouching), as well as reinforcing the need for inclusive product design (e.g., accessibility, vulnerability considerations built in from the outset).
- Inclusive product design should be supported by incentives so that financial products and services meet the needs of underserved users from the outset.

#### **Monitoring and Evaluation**

- The two-year review should be accompanied by a set of core performance indicators (e.g., reductions in unbanked populations, improvements in savings penetration, affordable credit uptake rates) with breakdowns by demographic and regional cohorts.
- Regular public reporting against these indicators should be encouraged by delivery partners to ensure transparency and learning.

#### **Government Engagement**

- Stronger inter-departmental coordination (e.g., between HM Treasury, Department for Education, Department for Work and Pensions) will help align financial inclusion with broader socioeconomic policy objectives. We suggest that mental health, accessibility, and economic abuse are translated into measurable actions within each pillar (e.g., staff training, referral pathways, accessibility standards), alongside stronger cross-government coordination and broader stakeholder engagement, including fintech providers and community finance organisations.

### **4. Stakeholder Engagement and Representation**

We support the Strategy's broad stakeholder engagement in design. For delivery:

- We urge working with RPIB and work to design and deliver a new account to account payments infrastructure which will enable new and improved payment services that will support financial inclusion.
- Ongoing working groups should expand representation to include non-bank payment and fintech firms, community finance organisations, and SME representatives.
- Enhanced community-level input will ensure that interventions are responsive to local needs and contexts.

### **5. Priorities and Early Impact**

To maximise early impact, we recommend prioritising:

1. Practical access solutions (e.g., reducing identity barriers, expanding banking hubs combined with digital literacy support).

2. Affordable credit and savings pathways, including support for community finance and incentivised payroll savings schemes many of which can be unlocked by current and future payments innovation. Refer to our report mentioned above for this.
3. Enhanced financial education and capability, starting from schools and extending to community programmes aligned with employment and welfare services.

## 6. Broader Considerations

**Reducing Inequality:** Financial inclusion must be explicitly framed as a contributor to reducing economic inequality and driving economic growth, not only as access to products but as facilitating fuller participation in labour markets and economic life.

**Protected Characteristics:** Targeted interventions should reflect the needs of groups with *protected characteristics* (e.g., disability, ethnicity, age) and be linked to measurable outcomes.

**Growth Mission:** Financial inclusion can support broader growth goals by enabling more individuals to work, save, and invest productively. Stronger explicit alignment between inclusion outcomes and the Government's growth agenda will help ensure inclusive economic development.

**Community-Based Solutions:** Formal resourcing and strategic integration of community-based hubs (e.g., credit unions, banking hubs, advice centres) are essential to deliver sustainable and accessible services, especially in underserved regions.

## Conclusion

The Financial Inclusion Strategy is a positive step toward closing structural barriers in the UK's financial system. To ensure it delivers meaningful and measurable improvement, we recommend:

- Clearer outcome targets and benchmarks, with an immediate focus on delivery mechanisms, including by aligning with work to design and deliver a new account to account payments infrastructure.
- Formalised resource commitments and sustainability plans.
- Stronger accountability mechanisms.
- Broader stakeholder engagement across payments, fintech, microbusiness, and community partners.

These measures will strengthen the Strategy's ability to foster increased inclusion, resilience, and participation for individuals and small businesses across the UK.

## About The Payments Association

The Payments Association is for payments institutions, big and small. We help our members navigate a complex regulatory environment and facilitate profitable business partnerships.

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, the Payment Systems Regulator, 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 conferences PAY360 and Financial Crime360, the PAY360 Awards dinner, CEO round tables and training activities.

We run eight stakeholder working Project groups: Inclusion, Regulatory, Financial Crime, Cross-Border, Digital Currencies, ESG, Merchant Payments and Open Banking. 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 also conduct exclusive industry research which is made available to our members through our Insights knowledge base. These include whitepapers, podcasts, webinars, events and insightful interviews with tips from the industry's most successful CEOs. We also undertake policy development and government relations activities aiming at informing and influencing important stakeholders to enable a prosperous, impactful and secure payments ecosystem.

See [www.thepaymentsassociation.org](http://www.thepaymentsassociation.org) for more information.

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