Transacting Tomorrow

The role of retail payments in powering UK economic growth

It starts here

Santander

TRANSACTING TOMORROW

FOREWORD

UK payments have come a long way in the last decade and technology is now driving a huge shift in the use of digital tools to the benefit of consumers, merchants and the wider economy.

While the sector has become both increasingly competitive and innovative, it is now significantly more complex, with further payment methods and challenges to consumer protection. Despite this, consumers safety is improving, while the choice of how to pay has been maintained to guard against exclusion, allowing people to make the digital transition in a way that works for them.

> **"The whole ecosystem must play its part to build a model that satisfies both consumer demand, but also the commercial viability of future ways to pay."**

It is good news that the new strategy for the next generation of UK retail payments infrastructure explicitly recognised the need for government, industry and regulators to work together, to embrace innovation so that it works for customers and meets their needs. However, more needs to be done to ensure a holistic strategy by government that recognises the role of payments in driving growth in its Financial Services Growth & Competitiveness Strategy.

The underlying financial system is changing in front of our eyes, with new revenue models, new forms of payment technology and different commercial drivers. To keep pace, while infrastructure will need to be renewed, it must focus on the long-term needs of consumers, enhancement to keep step; foundation secured evolution. We have an opportunity to put consumers at the heart of the future of payments; this requires a more connected strategy across regulators, the government and industry to face into the long-term commercial viability of differing payment types and of future ways to pay.

While banks can and have provided the requisite infrastructure and ability to execute innovation at scale, it is vital we continue to support fintechs bringing new services and technologies to market, in a way that can make the provision of financial services more accessible and supportive of consumers and merchants.

A more pro-innovation stance from regulators is necessary and public political backing for this stance is vital.

> **"As our data has found, banks remain the most trusted advocates in driving change forward, and in shaping consumer behaviour. We must take these responsibilities seriously."**

For Santander, we see our role as a provider to everyday consumers and payees as championing priorities for payments that reflect a genuine concern, desire or need among users. As our data has found, banks remain the most trusted advocates in driving this change forward, and in shaping consumer behaviour. We must take these responsibilities seriously.

Paul Horlock
Chief Payments Officer,
Santander UK

Executive Summary

The importance of payments in consumer financial services has grown exponentially in the last decade. New ways to pay, new risks to be mitigated, and new opportunities to bolster consumer security, speed and choice have all emerged. As the ecosystem continues to mature, industry, policymakers and regulators each hold a role in listening and responding to consumer needs and preferences to ensure payments work well for the everyday, for moments that matter, and for those at risk.

The future of payments remains unclear. The delivery of a National Payments Vision (NPV) in late 2024, forthcoming plans on payments infrastructure renewal, the strategy for the next generation of UK retail payments infrastructure, legislation to abolish the Payment Systems Regulator (PSR) next year, and future reform of retained EU payments legislation all present opportunities—and risks—that will shape the next decade of UK payments' growth. As payments and fintech have been clearly labelled a growth priority in the government's **Financial Services Growth & Competitiveness Strategy**, our research has sought to arm decisionmakers with a clear understanding of consumers' felt experiences, perspectives and preferences regarding the current payments landscape and the opportunities for delivering future payments innovation. Through mass-participant data, in-depth interviews, and desk-based research commissioned by Global Counsel, our findings present ten key recommendations that we believe should be considered by industry and policymakers as they move forward into a period of potentially significant regeneration.

Prioritising consumer demand in future delivery

Debit cards remain the most popular method of payment across all demographics

A quarter of consumers use **mobile wallets as their most frequent payment method**

Fraud and safety are consumers' main priorities for improving payments

Central to our research has been defining consumer preferences, awareness and appetite. In doing so, our research shows that consumer preferences have generally kept pace as payments have evolved over the past 25 years. Awareness of the options available to consumers and the difference between what each payment method offers them is high, even as payment methods have achieved ubiquity. Debit card payments remain predominant in day-to-day spending, while credit cards—offering higher degrees of protection—are used for larger purchases. Online banking, viewed as the most secure, is used mainly to facilitate peer-to-peer payments. Newer technologies, like contactless and mobile wallets, continue to grow in popularity, though cash retains a popular user-base among older demographics.

While half of consumers have experienced some form of problem when paying, it is unsurprising that loss of funds and concerns about security are the biggest risk for most. As a consequence, prevention of fraud and consumer protection remain the highest priorities, informing what consumers would like to see changed in payment methods in the future. This would suggest that fraud prevention should be a key focus for future infrastructure.

Despite this, most consumers do not stop using methods that have caused a problem in the past, and seven in 10 see the payments landscape today as serving consumers well. Consumers generally state that they could welcome new methods of payment, provided they resolve a perceived risk. Conversely, our findings suggest that new innovations face challenges of uptake unless they resolve a clear bottleneck among current ways to pay.

Reflecting on the last 10 years of industry and regulator delivery, it is evident that future payments policy would do well to tackle what consumers identify as actual gaps in service. Likewise, for future ways to pay to be successful, they must address a clear concern among users of existing methods. Commercial viability will otherwise prove challenging to resolve. The government's continued work on the retail payments infrastructure strategy should reflect on this, both in its priorities for future infrastructure, alongside any upgrades to existing architecture in Faster Payments and Bacs, and in the delivery of Open Banking-enabled payments.

Consumers remain unconvinced by crypto

Fraud, volatility and loss of funds dominate perceptions of cryptocurrencies

63% are "very unlikely" to use cryptocurrencies to make payments in the future

55% have not heard "anything" about the digital pound

Most see the digital pound as **"unnecessary"**

The future of payments, particularly the role of decentralised, blockchain-enabled payments, remains unclear. Though their potential is vast, the UK remains years away from institutional and widespread consumer adoption. While consumer awareness of cryptocurrencies is almost universal in 2025, knowledge of their current or prospective use in payments remains low, and driven largely by concerns about volatility, privacy and lack of protection. Though consumer awareness of their benefits, most pronounced in cross-border use, is beginning to emerge, a majority of consumers remain unlikely to use them in the future.

As for a digital pound, consumers' awareness remains much lower, with most having not heard "anything" about the Bank of England's project since its launch in 2021. The prospect of a digital pound remains "confusing" or "unnecessary" to most consumers, with a majority concerned about its potential to disrupt traditional banking and access to deposits. Less than one in three would reportedly use a digital pound, if issued.

Our findings on cryptocurrencies suggest that future supervision and regulation must support the emergence and maturity of innovative use-cases if consumer appetite is to change. However, their displacement of traditional commercial banking remains an unlikely and undesirable prospect for the vast majority. In relation to the digital pound in particular, the data suggests that the Bank of England should consider moving away from a retail digital currency toward supporting tokenised commercial bank deposits and the benefits of integrating blockchain into the existing financial system in ways that do not undermine consumer confidence or understanding.

Trust should be the keystone driving future change

70% believe payments are working well, and new methods are not required

Card networks, high street banks and the Bank of England are the most trusted payment actors

Banks are most trusted to maintain **privacy, security and consumer protection**

As industry, regulators and policymakers move from reviews of the landscape of open payments policy toward implementation, roles and responsibilities for all actors in consumer payment chains must be refined to ensure success. Our research found that most consumers believe user demand is the best driver of change in payments infrastructure. It also found that banks, card schemes and the Bank of England itself are the most trusted actors to drive change in payments. Commercial banks remain the most trusted when it comes to consumers' strongest worries in payments: fraud prevention, consumer protection and loss of funds. This suggests that banks will continue to drive consumer uptake and trust of both current and future payment methods in the UK.

As HM Treasury, the Financial Conduct Authority (FCA) and the Bank of England look to reshape payments regulation having set out a strategy with industry for the delivery of future infrastructure in 2026 and beyond, thought should be given to the commercial roles and fraud liability of participants that will benefit from system enhancements. These should best align with consumer needs. Equally, the abolition of the PSR offers the opportunity to streamline a congested regulatory landscape, ensuring that payments remain well regulated as innovations continue to evolve and emerge, while pursuing growth in the sector with greater focus.

Chapter 1

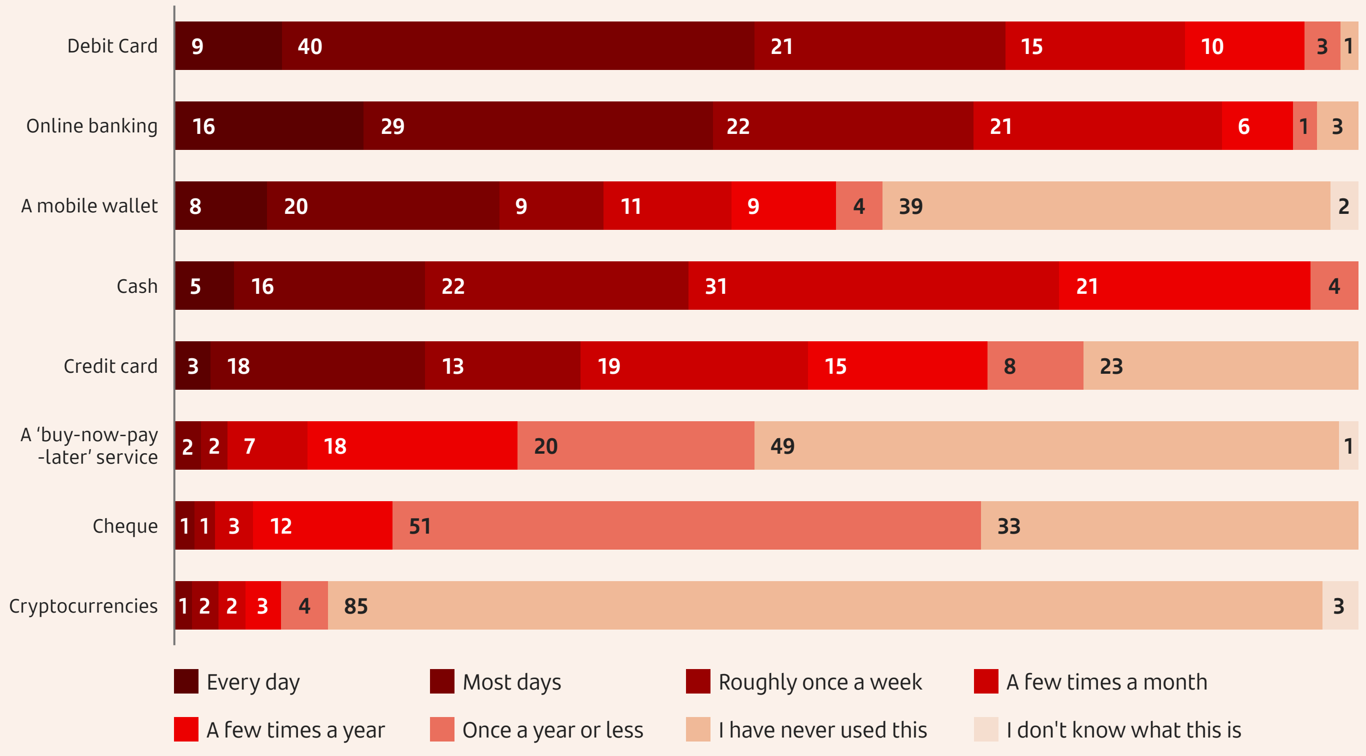
THE LANDSCAPE OF RETAIL PAYMENTS:

What consumers want

How consumers access payments in 2025

The UK has long been host to a diverse and evolving payments landscape, consistently positioning itself at the forefront of technological innovation. From the introduction of credit cards in the 1960s and ATMs in the 1970s to retail debit card purchases in the 1980s and contactless cards in 2007, the UK has repeatedly embraced new technologies that drive growth in payments. Industry and public policymakers have played a central role in shaping this trajectory, with landmark reforms such as the launch of Faster Payments in 2008 and world-leading Open Banking rules in 2017 cementing the UK's status as a payments leader. Today, the UK is not only one of the most digitally native and card-dominated markets,[1] but also among the most accessible in terms of optionality and acceptance compared with its peers.[2] The combination of ambition and advanced infrastructure has helped the UK to retain a global advantage as home to the bulk of Europe's fintechs and innovators, including merchant acquirers, payment gateways, digital wallet providers, and e-money issuers.

Fig 1: Frequency of payment method (%)



Our research shows that consumer preferences have generally kept pace as payments have evolved. In 2025, a majority of retail consumers now access multiple payment methods every week (Fig 1), with debit cards and online banking by far the most common. Mobile wallets—such as those stored on smartphones—are becoming increasingly popular, with 20% of users aged 18 to 34 using them every day. More than a quarter of all consumers declared that mobile wallets are now their most common way to pay for day-to-day purchases.

Cash, having faced a period of steep decline in recent years, still retains some popularity, used regularly by around a fifth of the public and at least once of a month by most. Conversely, our research has found that new forms of money, such as cryptocurrencies, though the focus of innovators and lauded for their potential to "decentralise" forms of payment, are used regularly by only 5% of the UK population.

Many of these means of payment have been around for some time, and their ubiquity and use generally serve a distinct purpose. For smaller day-to-day purchases, such as a morning coffee or supermarket shop, a clear majority of consumers cite convenience and ease of use when choosing how to pay, believing that these are best offered by their bank debit card, whether contactless or stored in their phone's wallet (Fig 2). For larger purchases, such as a holiday, security and protection against fraud ranks highest, with a majority perceiving that credit cards are best, with chargeback protecting customers when something goes awry. When it comes to paying a friend or family member, consumers generally look for a mix of these means, wanting ease of use and security but also quick and assured settlement, with a plurality turning to online banking enabled by the UK's Faster Payments service.

Fig 2: Most important payment feature by scenario / Methods most perceived as offering feature

Payment feature importance by scenario (% selecting as one of two most important features in scenario)

	Maintaining privacy	Keeping details safe/secure	Assured you get money back	Easiest/most convenient	Gets to recipient quickest
Day-to-day payments	10%	43%	11%	69%	10%
Larger purchases	8%	65%	57%	19%	8%
Paying someone you know	7%	37%	8%	47%	52%

Payment methods offering feature (% selecting as one of top two methods for feature)

	Maintaining privacy	Keeping details safe/secure	Assured you get money back	Easiest/most convenient	Gets to recipient quickest
Online banking	35%	42%	28%	26%	65%
Debit card	22%	27%	25%	52%	26%
Credit card	20%	29%	60%	29%	9%
Mobile Wallet	12%	12%	6%	31%	12%
Cryptoasset	6%	3%	1%	1%	1%
Don't know	20%	15%	10%	3%	10%

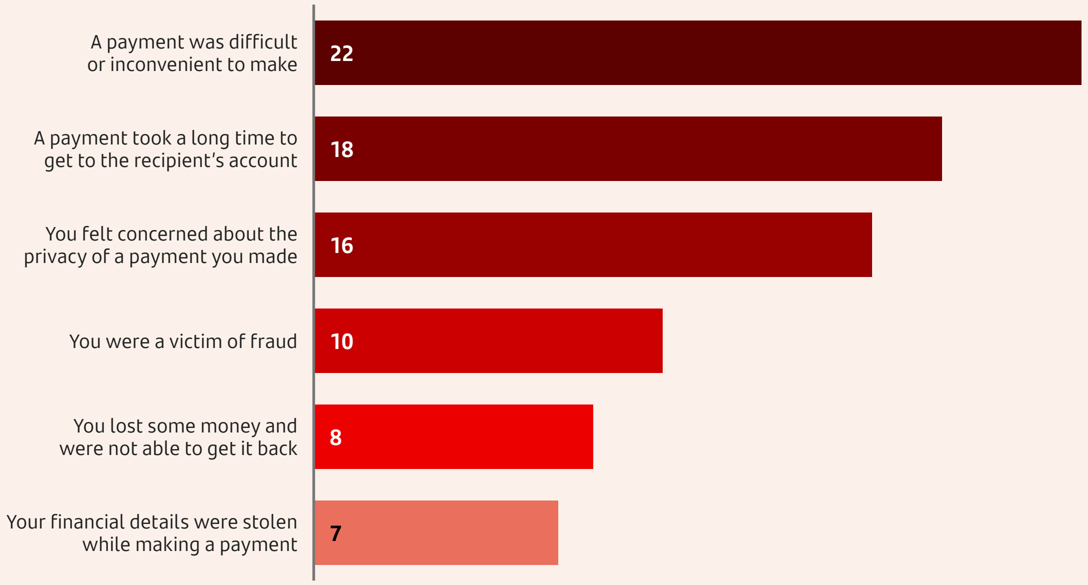
[1] See UK Finance's 2024 Payments Markets data (July 2024).
[2] As evidenced in Worldpay's 2025 Global Payments Report (June 2025).

What this data shows is that what consumers expect of their payment method differs based not only on their needs but also on historic, entrenched expectations. **Consumers generally understand the differences between what each method of payment offers them.** Given this, the priority of providers, regulators and policymakers has been to ensure that each method meets these expectations and to set standards for achieving them. For cards, customers’ expectation of protection and convenience remains a key driver for issuers and scheme providers in how they invest in network security and resilience. For online banking and peer-to-peer payments, speed and protection from fraud are clearest among the public, having been the focus of regulators and policymakers in both architecture renewal and protection from payments fraud, ed recently by the PSR.

How problems in payments inform consumer behaviour

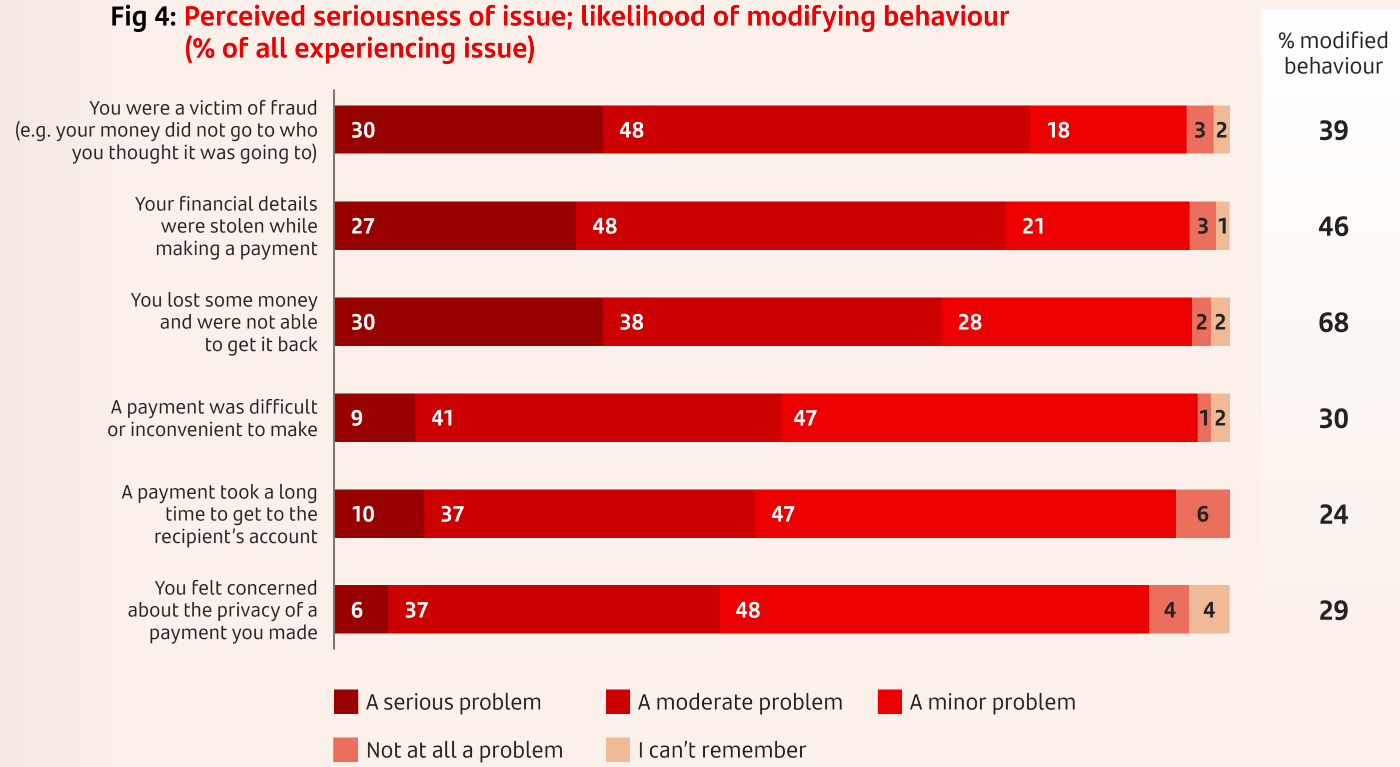
Half of consumers have experienced a problem at least once while making a payment. In most cases, this was relatively minor, such as the ease of making a payment or its taking longer than anticipated to reach the recipient. However, our research has found that 10% of consumers have at some point been the victim of payments fraud, with 8% not able to get their money back, and 7% having had their details stolen when making a payment (Fig 3).

Fig 3: Proportion of adults that have experienced issues when paying (% who have ever experienced issue))



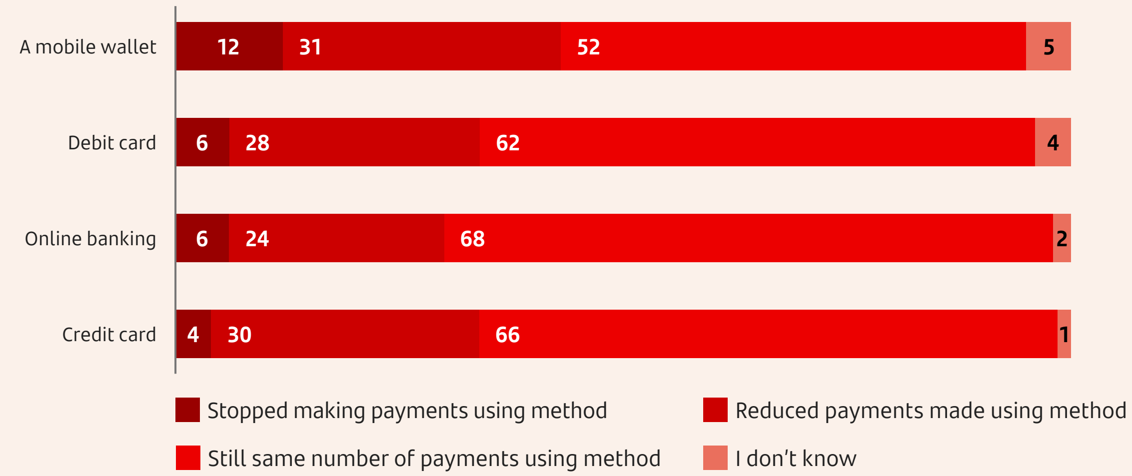
While this means that several million of us have run into an issue of some form, it should be viewed in the context of the 131 million payments made each day, and the many thousands of payments an individual makes over their lifetime. As identified in our research, **the nature of the problem is more telling in how it drives changes in consumer behaviour** (Fig 4).

Fig 4: Perceived seriousness of issue; likelihood of modifying behaviour (% of all experiencing issue)



While speed and convenience are cited most often as bottlenecks when making payments, **fraud, security and loss of funds are far more likely to be viewed as a serious problem when consumers pay,** and more likely to moderate their behaviour toward the payment method that enabled it when they make future payments. In these cases, higher proportions of consumers are more likely to reduce or cease using the payment method, or switch to another way to pay, at least on a temporary basis, compared to more minor, preferential outcomes relating to a payment method’s speed and convenience. Even then, **most consumers do not change the way that they pay after encountering a problem.** This varies little between payment methods (Fig 5).

Fig 5: Behaviour change following a problem paying, by method (% all experiencing problem paying with method)



[3] UK Finance’s 2024 Payments Markets data (July 2024)

What consumers want most from payments

Consumers generally feel that the current landscape of retail payments works effectively for them. Our research found that seven in 10 consumers felt that UK payments work well (Fig 6). Only one in five felt that a new way of paying would be a welcome change to the options available them. The extent of this preference for new methods differed by gender (22% of men supported the introduction of new ways to pay, versus 17% of women), age (30% of those aged under 34 versus 11% of those aged 55 and above) and parentage (27% of those with children versus 17% without).

Where there are concerns about the quality of existing payment methods, those who call for new ways to pay are generally led by concerns about fraud (52%) or a perceived lack of safety when making a payment (46%), compared to possible enhancements to speed (20%) or greater convenience (22%). This suggests that consumers **could welcome new methods of payment provided perceived failings in safety or security are effectively addressed.**

Even then, **the introduction of new ways to pay faces challenges in uptake, awareness and confidence.** Our research has found that uptake is more likely informed by consumer preference, rather than because industry or policymakers would prefer consumers to use a particular method to pay (Fig 7). This was true both in instances where banks introduce new options to pay (56% versus 37%), or where the government prefers people to use a new method instead (70% versus 22%). The extent to which consumers prefer demand-led solutions to how payments are made and received would suggest that, without a perceived "gap" in how they are looking to pay, new means of payment seeking to change behaviour are likely to find it difficult to supplant existing methods that achieve their purpose.

Fig 6: Support for the introduction of new methods of payment (%)

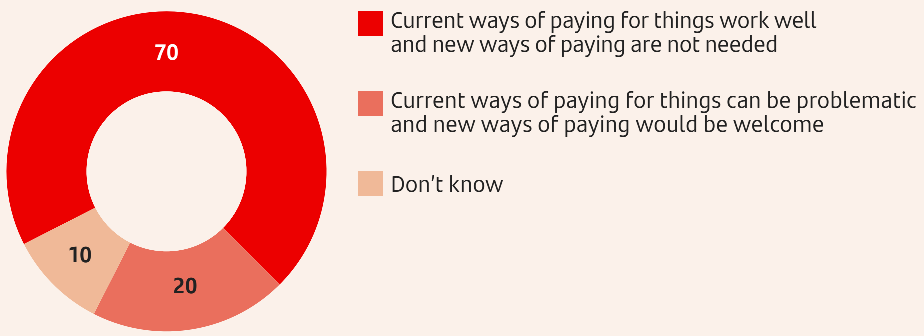
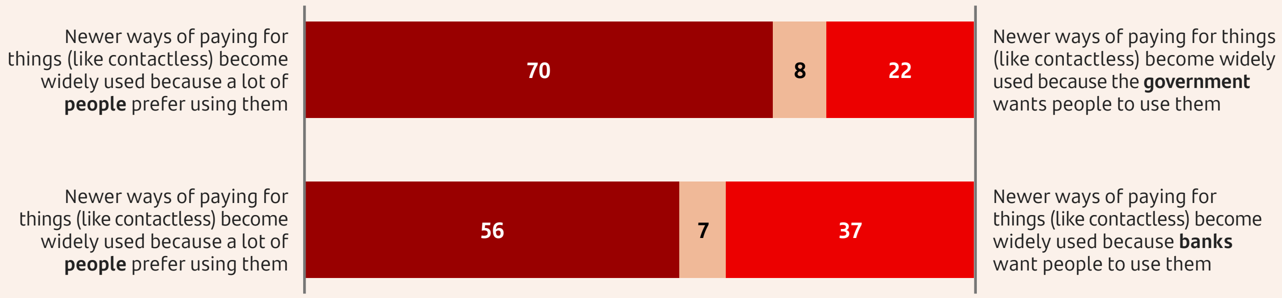


Fig 7: UK consumers' views on adoption of new payment methods (%)



TAKEAWAYS

1. Consumers generally feel the current landscape of payments works well for them.
2. Consumers are more concerned about safety, security and loss of funds than improvements to speed and ease of use.
3. The public perceives that the evolution of the payments landscape is driven more by consumer preference than at the behest of banks, regulators or government
4. Consumers recognise the differences between established payment types and will choose between them when making a payment to best suit their need.

What this means for public policy

Our research suggests that consumers are comfortable with the landscape of payments available to them today. **Rather than looking for new ways to pay, most have confidence that their existing payment methods are safe and secure from fraud or loss.** Indeed, safety and security are consistently the most important features guiding consumer uptake. Though there are improvements to payments that consumers would welcome, including to speed and convenience, these are secondary considerations. Crucially, consumers feel strongly that their decision in adopting new ways to pay is their choice, rather than being required or recommended to them by banks, regulators or government.

Taking our research into consideration, **Recommendation 1: Future payments policy should tackle what consumers identify as actual, rather than theoretical, gaps in service.** In the absence of a perceived gap in payments optionality and purpose, industry and policymakers could do better by focusing on making the most popular, accessible and understood methods of payment work as effectively as possible in their established use-cases. There is a risk that new payment methods will see low uptake, given there is no current perceived gap. Though Open Banking-enabled payments, which would facilitate point-of-sale payments through Faster Payments, aim to solve important problems such as the cost of merchant acceptance or substitutability in the event of cards' failure, these could also be solved through improvements to existing architecture.

Crucially, consumers seek protection and assurance in how they pay. Evidence suggests that the predominance of cards is thanks at least in part due to the protection they afford. Conversely, payments without these protections struggle to gain traction at point-of-sale. This has been a key issue in the development of Open Banking-enabled payments and previous pay-by-bank alternatives. At the heart of this issue lies commercial viability. Though protection has become in many respects a presumed utility among most consumers, consumer protection when things go wrong is largely only achievable through commerciality. A lack of commercial viability to issuers has hindered the development of standards of protection in other payments that would help consumers to diversify away from cards. Taking consumers preferences of protection into account, **Recommendation 2: For the development of future ways to pay, commercial viability must therefore be at the heart of their development.** The NPV's blueprint for commercial attractiveness for Open Banking-enabled payments is a welcome development. So, too, is the FCA's recent advice on the creation of Open Banking's future standards-setter. However, it is clear from our research that commercial sustainability of new payment methods is unlikely to be achieved where consumers or merchants do not perceive that their use resolves a concern about existing ways to pay.

The NPV, and more recently the government's strategy for the next generation of UK retail payments infrastructure, are welcome developments in clarifying the funding and governance arrangements for infrastructure delivery. The introduction of a delivery company to drive long-term architecture renewal should place greater emphasis on enhancements and changes that are commercially viable but also meet an acute need, driven by greater alignment to consumer demand and led by industry. By extension, the development of rules and objectives by the forthcoming new Retail Payments Infrastructure Board, led by the Bank of England, should simplify objectives and priorities for system innovation. The Board, and the forthcoming strategy, will be important for defining roles, timelines and objectives in pursuit of the NPV's objectives. As part of this, **Recommendation 3: There should be a clear plan for the replacement of Faster Payments and Bacs that maintains familiar functionality.**

Though these systems continue to serve an important purpose, their replacement should be defined by what they have failed to provide to consumers, most clearly better protection. Our research has shown that consumers turn to online banking and account-to-account payments for their speed and convenience, but do not perceive that they provide the same safety and protection compared with debit and credit cards. Therefore, **Recommendation 4: Both for current and future account-to-account payment methods to resolve this gap, fraud prevention should be a key focus.** This could include enhanced data-sharing standards across networks, fraud reporting built into alert authorities, the ability to slow down suspicious payments for screening (as has recently been established for Faster Payments), and capacity to intervene in payments flowing across borders. When the FCA takes responsibility for authorised push payment (APP) fraud reimbursement from the PSR, it should seek to prioritise prevention and clarify the roles and liabilities of firms in fraudulent payment chains.

Case study

Brazil's Pix and India's UPI

Brazil's Pix and India's UPI are recent, successful examples of account-to-account systems that have emerged to address critical gaps in their respective payment ecosystems. Pix was introduced by the Central Bank of Brazil in 2020 as a response to slow and costly traditional banking. India's Unified Payments Interface was developed to address the complexities and inefficiencies of existing payment methods, particularly long settlement times and high fees associated with interbank transfers that made day-to-day digital payments infeasible for most of the population. In both markets, a sizeable portion of consumers and merchants lacked access to traditional physical banking, especially outside urban areas. Neither market had experienced a proliferation of digital means of payment. Both initiatives, led by government policy and delivered centrally, brought real-time 24/7 payments to millions for the first time, in effect leapfrogging first generation digital payments like cards in favour of a smartphone-enabled digital ecosystem. Though this is impressive, the conditions driving their use differ from those in the UK. Both systems lacked competing alternatives, and both sought to resolve an acute, costly and inaccessible bottleneck for consumers.

Chapter 2

INNOVATION DRIVING CHANGE:

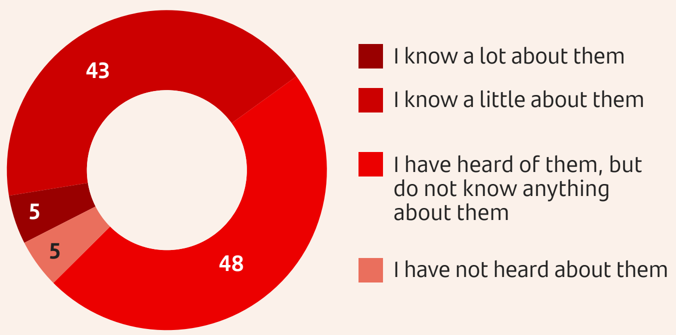
How consumers feel about the future of decentralised payments

Consumers' views toward cryptocurrencies

Though most UK payments are made using "fiat" currency,[4] the promise of new forms of money, notably cryptocurrencies like Bitcoin or Circle's USDC, present opportunities and risks that may transform the way consumers make and receive payments and access the financial system. Though their use-case has yet to enter the mainstream, developments such as stablecoins, tokenised deposits and a retail digital pound issued by the Bank of England are all under active exploration.

A vast majority of consumers are now aware of cryptocurrencies, though self-professed knowledge about these types of payment is very low. Though more than nine in 10 consumers have heard of cryptocurrencies, only 5% feel they know "a lot" about them (Fig 7). Evidence suggests that consumers' most pronounced impressions of cryptocurrencies are overwhelmingly associated with their risks and thus are significantly negative. Top-of-mind associations when prompted focus on cryptocurrencies being fraudulent, a scam, unnecessary or untrustworthy (Fig 8).

Fig 8: Consumer awareness of cryptocurrencies (%)



How we defined cryptocurrency in our research

Cryptocurrencies are a form of digital money. People can hold this digital currency in a digital wallet and transfer it electronically to pay for things: an electronic equivalent of taking a note or coin out of a wallet to pay in a shop.

Cryptocurrencies exist on something called blockchain, which is an electronic record of a series of transactions. Bitcoin is the most common cryptocurrency, launched in 2009.

No single organisation has control of cryptocurrencies. Some cryptocurrencies fluctuate in value, but others do not. Those that do not fluctuate in value tend to be designed primarily as a means of payment. Those that do are often seen as a form of investment though are also sometimes used as a means of payment.

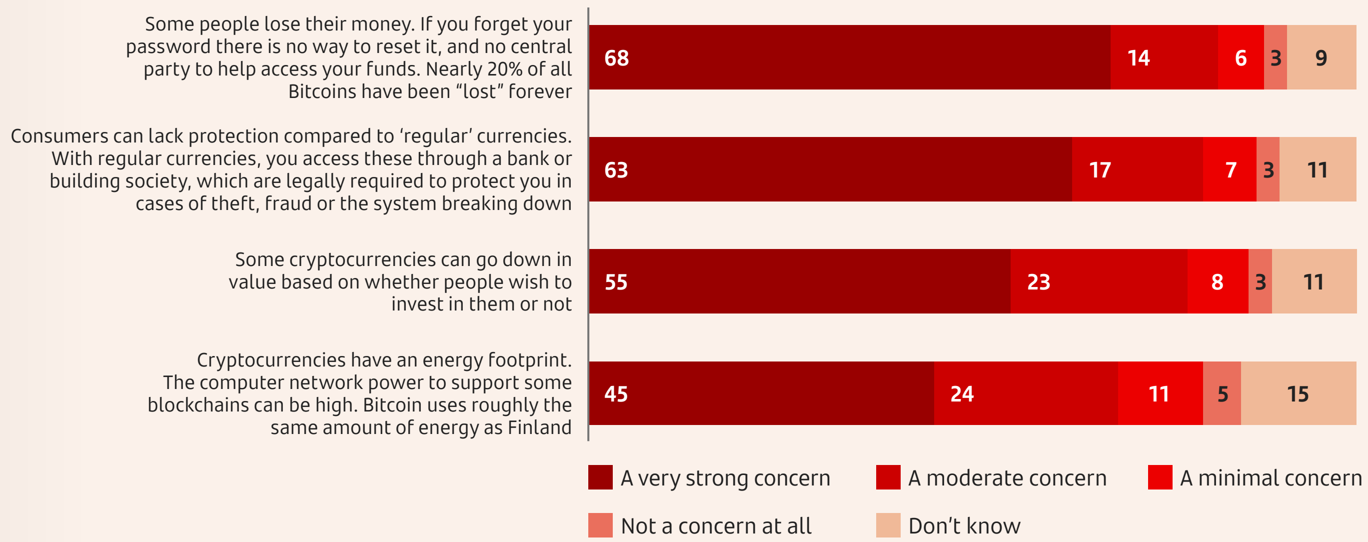
[4] UK Finance's 2024 Payments Markets data (July 2024)

Fig 9: Consumer associations with cryptocurrencies
(Larger size = more frequent mentions in verbatims)

Specific concerns about cryptocurrencies, such as their volatility and lack of protection, resonate almost universally with consumers. 88% of adults are concerned about the potential for loss, including of their password (or "private key") to access funds stored on a blockchain (Fig 9). A lack of protection from a bank or building society when compared to traditional forms of money is a concern among 87% of consumers, unbacked cryptocurrencies' intrinsic volatility for 86%, and their high energy footprint (driven by the computing power to maintain blockchains) by 79%.

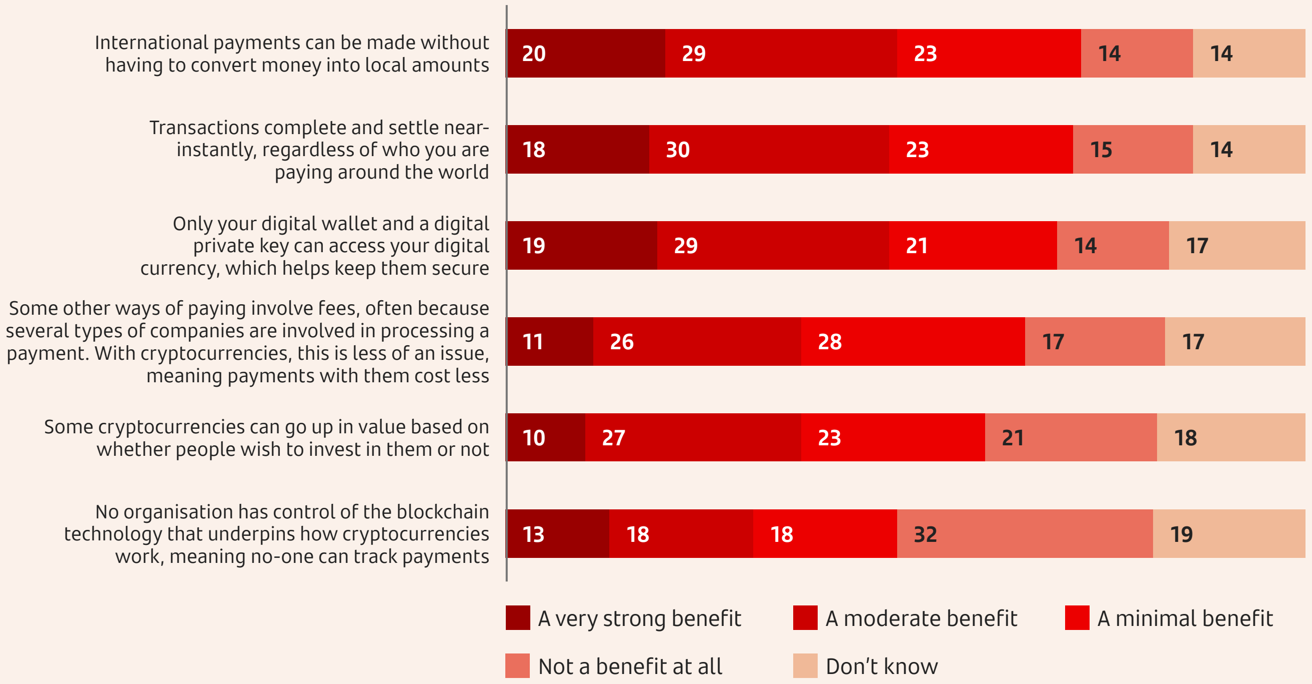
Pluralities of consumers see some benefits from cryptocurrencies, though these are muted when compared with their risks. **Highest among reported possible perceived benefits are the ability to make cross-border payments without conversion into other currencies,** their near-instant settlement globally, and encryption preventing others from stealing people's money, with 48% seeing this at least moderately beneficial (Fig 10). Least important to consumers is cryptocurrencies' decentralisation outside the financial system or actors like banks; roughly as many see this as not beneficial at all as to present a benefit to using them.

Fig 10: Consumers' concerns with cryptocurrencies (%)



Pluralities of consumers see some benefits from cryptocurrencies, though these are muted when compared with their risks. **Highest among reported possible perceived benefits are the ability to make cross-border payments without conversion into other currencies,** their near-instant settlement globally, and encryption preventing others from stealing people's money, with 47% seeing this at least moderately beneficial (Fig 11). Least important to consumers is cryptocurrencies' decentralisation outside the financial system or actors like banks; roughly as many see this as not beneficial at all as to present a benefit to using them.

Fig 11: Consumers' perceived benefits of cryptocurrencies (%)



Given the deep concerns expressed about cryptocurrencies as a form of payment, it is unsurprising that evidence shows a very low claimed likelihood of future use. A clear majority of consumers feel that they would be unlikely to use cryptocurrencies to satisfy their current payment habits. Only 13% are "likely" to use cryptocurrencies to make payments to either others or at point of sale in the future. This compares to 63% of consumers "very unlikely" and 13% "unlikely" to make payments to someone else, and an average of 64% and 12% respectively to make point of sale payments (small or large). Less than 1% specified that they were already using cryptocurrencies for this purpose today. Nonetheless, there are pockets of users, such as 25% of 18- to 34-year-olds, 18% of men and 22% of those living in London, who are already using or likely to use cryptocurrencies to make and receive payments.

The digital pound: an alternative to cryptocurrencies?

The Bank of England and HM Treasury announced in 2021 that they would explore the design potential of a central-bank digital currency (CBDC) as an alternative to privately issued cryptocurrencies like Bitcoin. Unlike unbacked cryptocurrencies that present inherent volatility risks, a "digital pound" would be pegged to the value of sterling yet offer opportunities to leverage blockchain technology to improve payment settlement and increase market efficiency.

Whereas consumers are universally aware of cryptocurrencies, most (55%) have not heard "anything" regarding the digital pound. 28%, though having heard of the digital pound, cannot explain anything about it, compared with 16% that know at least a little. Even where there is awareness, claimed knowledge among the public about the digital pound is low, though this varies by demographic. What research does suggest is that there remains a strong correlation between those who know a lot about cryptoassets, and those who know about the digital pound. Of those who say they know "a lot" about crypto, 79% claim to know at least a little about the digital pound. This compares to only 32% who have no familiarity (or name-only familiarity) with crypto. This would indicate that familiarity with the digital pound remains dependent on that with wider cryptocurrencies. Suggestive of the effectiveness of newspaper mail-in campaigns concerning the risks of a digital pound, 61% of adults aged 55 and over are more likely to not know anything about the digital pound, compared with 48% of those under 34 being less likely than not. Men, however, are much more likely to claim they know at least something about the digital pound than women (52% vs 36%), reflecting in part the well-known male skew of interest in cryptocurrencies.

Generally, though, consumers are unclear about what a digital pound is or would facilitate, and struggle to understand its rationale. When the concept of a digital pound is explained to consumers, **initial reception generally indicates a widespread perception of the digital pound as "unnecessary," making "no difference" to the payments landscape, "confusing" and difficult to understand** (Fig 12).

How we defined the digital pound in our research

The digital pound is an idea being discussed that involves a digital version of physical pounds.

It would be issued by the Bank of England, but people would hold them in their current accounts, as they do with money at the moment. Existing ways of paying for things would continue to exist.

Because digital pounds would be issued by the Bank, one digital pound would always be worth £1.

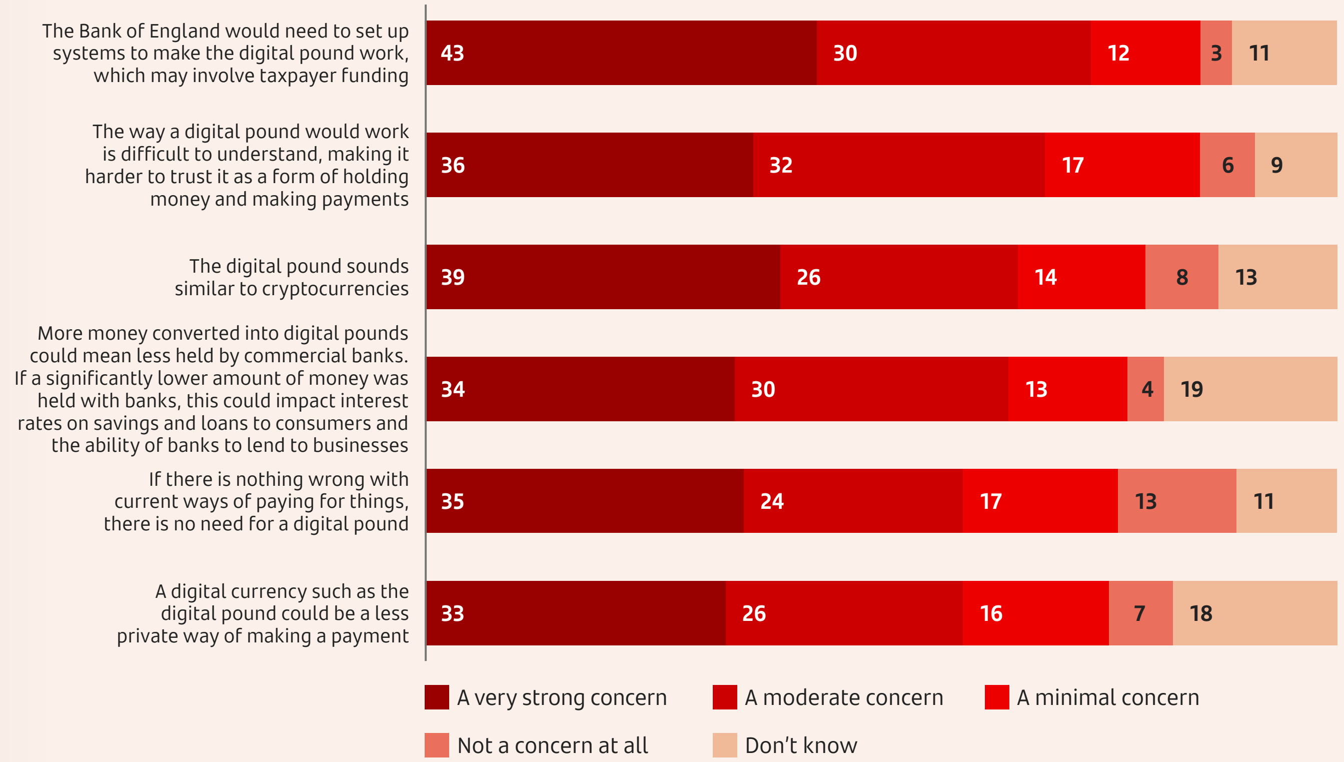
They do not currently exist, but if they did you could hold them and spend money in the same way you do today, with the Bank of England examining how they can make them feel "cash-like."

Fig 12: Consumer associations with the digital pound
(Larger size = more frequent mentions in verbatims)

Specific concerns about aspects of the digital pound resonate widely when prompted, though with slightly less strength compared to privately issued cryptocurrencies (Fig 13). The prospective cost to taxpayers in funding a system to institute a digital pound is of greatest concern (85% concerned to some degree, 43% strongly), though closely followed by concerns about trust and privacy, its complexity, and the lack of distinctive benefits versus traditional payments. **In recognition of the role that commercial banks play as trusted deposit takers, 77% of adults are concerned that a digital pound would risk deposit flight from high street banks.** It is also evident that the connection or similarity to cryptocurrencies makes the digital pound less popular: 79% believe that the digital pound sounds too similar to cryptocurrencies and thus makes them at least slightly concerned.

Trust in the Bank of England provides some support for the use-case potential of a digital pound, though no more than a third of consumers would be likely to adopt a digital pound were it offered to them. When asked whom they would trust most if a digital pound were issued, pluralities of consumers named the Bank of England for ensuring users' safety (33%), preventing disruption (31%) and maintaining a stable value (56%). In doing so, more, though not most, consumers would be likely to use a digital pound to make and receive payments compared to other cryptocurrencies. **Still, however, most adults are unlikely (15%) or very unlikely (35%) to ever use the digital pound in their payment activities if given the choice.**

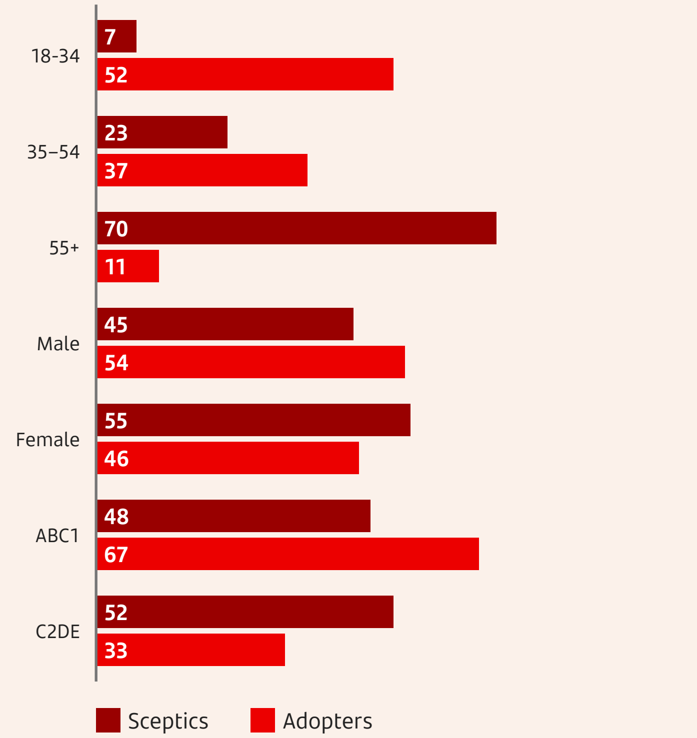
Fig 13: Consumers' concerns about the digital pound (%)



What do the likeliest adopters and strongest sceptics tell us about crypto's potential?

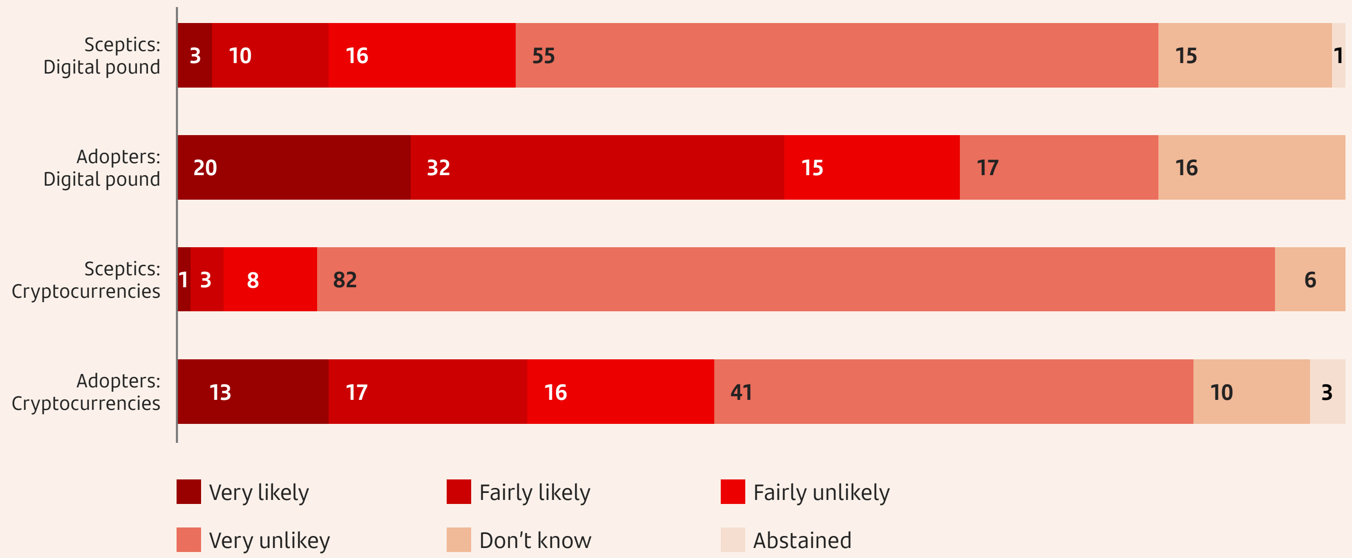
The consumer base for payments is far from heterogenous, not only demographically, but also when it comes to baseline attitudes to technology and use of current payments methods. To understand attitudes to the future payments landscape, and factors driving potential uptake, our research sought to isolate two segments that could ascertain the drivers informing consumers' views (Fig 14): adopters, favourable to technology in everyday life, and who already use more recently developed payments methods with reasonable frequency, and sceptics, cautious around technology with limited adoption of newer forms of payment (e.g. digital wallets and contactless). Over a third (36%) of adopters would welcome new ways to pay, whereas 83% of sceptics felt that existing payments worked well for them. Further, 36% of adopters had also already tried some form of crypto product, versus less than 1% of sceptics. Sceptics were three times less likely to have a trusting view of technology companies than adopters.

Fig 14: Demographics of adopters/sceptics sample
(% of segment represented by each demographic)



On balance, adopters are more likely than not (52% vs 32%) to use a digital pound for everyday and peer-to-peer payments (Fig 15). Conversely, sceptics are far less likely to do the same (13% vs. 71%). Cryptocurrencies face greater uptake hurdles even among the most likely adopters when it comes to paying someone they know: on average, even adopters were less likely to use cryptocurrencies to do this than would, with 30% being likely to make any kind of payment compared to 57% who would not. By comparison, just 4% of sceptics said they were likely to make any kind of payment using crypto, compared to 90% who said they were unlikely to do so. **Though these trends among the most extreme consumer cohorts suggest crypto products are polarising, they also indicate that their use they may grow over time.**

Fig 15: Average likelihood of adopters and sceptics of using a digital pound or cryptocurrency to make any kind of payment in the future (%)*



*Averaged across use in 'day-to-day payments', 'larger purchases' and paying 'someone you know', consistent with similar questions toward other payment types.

TAKEAWAYS

1. Consumers have heard of cryptocurrencies but have strong feelings against them; a majority in 2025 would never use them for payments, instead seeing more of an investment use-case.
2. The digital pound has poor name recognition and struggles to present a coherent use-case, with consumer seeing it mostly as "unnecessary."
3. A widespread lack of understanding about crypto products may present an opportunity to change perceptions, with those younger than 35 generally more curious about their potential as use-cases develop.
4. Consumers across all demographics are, however, strongly concerned about risks of consumer fraud, loss of access, crypto's energy implications and the risk of deposit flight from high-street banks.

What this means for public policy

Context

Types of cryptocurrency undergoing testing

Industry, government and regulators are working to explore the opportunities of different forms of blockchain-enabled payments beyond **unbacked cryptocurrencies** like Bitcoin.

Stablecoins, which peg their value to central bank currency to mitigate volatility risks, are likely to be regulated as payments in the UK from 2026. A **retail CBDC** (or digital pound) would seek to offer the same but be issued directly by the Bank of England.

Tokenised deposits, by contrast, would offer commercial bank representations of your existing deposits, recorded on a blockchain. Consumers would engage with banking the same way, but banks themselves would use blockchain to manage their balance sheets and settle between each other. UK banks are exploring this potential through a pan-industry pilot **regulated liabilities network** now known as GBTD.

The use-case potential of cryptocurrencies and other blockchain products remains to be clearly articulated. Consumers have become greatly aware of what cryptocurrencies are but are far from convinced that they present opportunities for how they pay. Many of their concerns are well founded, led by loss of funds, fraud and implications for privacy. However, they suggest that the use-case potential for blockchain-enabled products has yet to be fully realised or clearly communicated to most. Our research also identifies that conflation of risks of cryptoassets as investment products (e.g. Bitcoin) versus payment tokens like stablecoins (e.g. USDC) is undermining digital assets' use-case potential as payment instruments. Maturation of the reputation of crypto from being a risky product to one that serves a genuine purpose is growing among younger and more affluent demographics but has yet to reach the vast majority of consumers.

Blockchain undoubtedly offers important potential to the future of payments. For regulators, consumer protection is crucial, but **future supervision should seek to enable innovation to support the evolution of cryptoasset products to further mature, if they are to align with consumer preferences.** For industry, consumers' concerns about privacy, risk and energy use are legitimate and must be recognised as the sector continues to innovate. Not until consumer appetite is resolved is the UK likely to see mainstream institutional adoption that may enable widespread adoption of cryptocurrencies as a form of payment. As such, many of these concerns must be addressed if cryptoassets are to meaningfully compete as alternatives to traditional forms of payment.

On a digital pound, **evidence is clear that the role of a retail digital currency remains unclear, unpopular and largely unnecessary to most of the public.** Consumers are concerned by the cost implications for the taxpayer, the implications on privacy, and the potential disruption to traditional high street banking. Though the digital pound seeks to bring the efficiency benefits of blockchain technology to retail UK payments, research suggests that leveraging the benefits of decentralisation within the existing commercial banking system would be more popular. From our research, we believe **Recommendation 5: the most effective deployment of blockchain technology in payments is through tokenised commercial bank deposits, and bank-issued stablecoins.**

Tokenised deposits (i.e. deposits that are managed and settled by commercial banks and the Bank of England over distributed ledgers) offer the same opportunities as cryptocurrencies, stablecoins or a digital pound, without the flight risk of consumer deposits, or disintermediation from the commercial banking system. Consumer funds could remain safely deposited with banks that hold established and trusted relationships, while the benefits of blockchain technology may be leveraged on a wholesale basis between market participants, rather than between consumers themselves.

This has implications for regulators' own priorities. Based on our research, we believe that **Recommendation 6: the Bank of England should pivot the digital pound project toward supporting industry-led solutions such as tokenised bank deposits.** Our research suggests that the opportunities of wholesale decentralised settlement are best facilitated through a shared platform managed by commercial banks themselves, which may mitigate the challenges of retail consumer adoption and trust. This direction of travel is also in greater keeping with other jurisdictions. Bank of England Governor Andrew Bailey's views on tokenisation of commercial bank deposits in July 2025 encourages this direction of travel. The Bank of England's experiments on wholesale decentralised settlement, its DLT Innovation Challenge, and its commitments to Project Agorá equally enable the use-case potential of wholesale tokenised settlement between financial institutions.

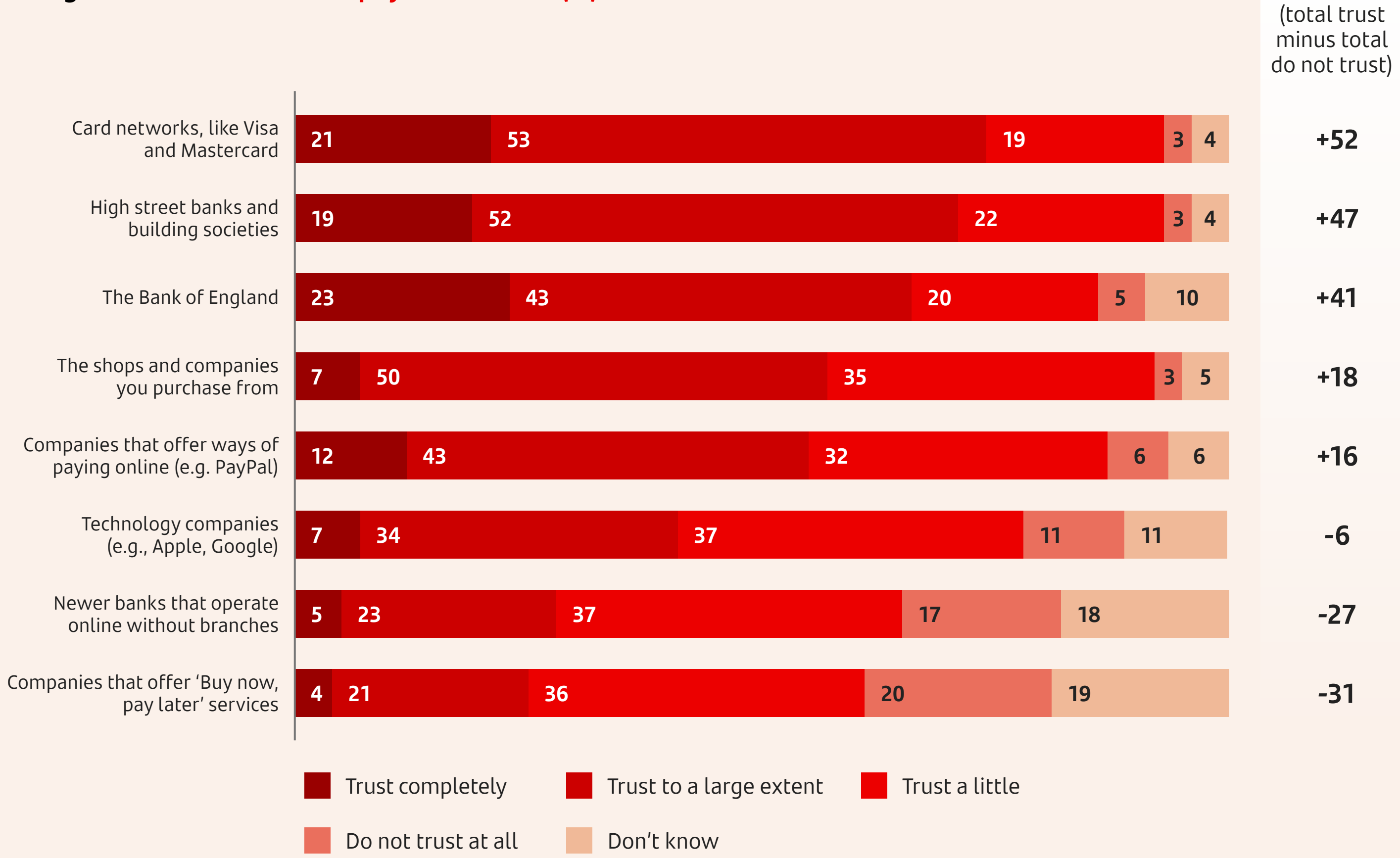
Chapter 3

LESSONS DRIVING REFORM:

How can government, regulators and industry enable an agile and collaborative supervisory framework?

Trust is the keystone to the adoption of future innovation in payments. Our research has demonstrated that use of payment methods and uptake of new technologies are heavily influenced by consumers' faith that their payments are secure, are protected when something goes wrong, and will arrive at the beneficiary as expected. Yet, as our research has also shown, there are wide variations in levels in trust across the various actors involved in the payments ecosystem (Fig 15).

Fig 16: Consumer trust in payment actors (%)



Banks, card schemes and the Bank of England are highly trusted by consumers. A large majority of adults trust Visa and Mastercard, banks and building societies and the Bank of England when it comes to the way payments are made and received. Merchants themselves and payment firms offering point-of-sale services are also more likely to be trusted than not, though to a lesser extent. Technology companies that offer digital wallets or other payment gateway services are trusted and mistrusted equally, while digital banks and buy-now-pay-later (BNPL) firms are viewed with greater scepticism than their traditional or regulated counterparts.

Banks are generally the first line of defence for consumers when making payments. When asked whom they trust most, consumers almost always identified high street banks and building societies in every scenario that they prioritised (Fig 16). This was particularly true when it came to consumers' first and second priorities: privacy and consumer protection. On ensuring payments stability and when introducing new ways to pay, card schemes were seen as the most critical, likely linked to cards being the dominant way to pay in most instances, though other payments firms and technology companies were recognised as influential when adopting new means of payment.

Fig 17: Whom consumers trust most in payment scenarios
(% selecting organisation as most trusted on each item)

	Maintaining privacy	Keeping details safe/secure	Assured you get money back	Introducing new ways to pay	Making sure payments work
High street banks	32%	38%	35%	13%	24%
Card schemes	16%	21%	35%	15%	29%
The Bank of England	10%	12%	6%	8%	9%
Payment service providers	6%	6%	5%	11%	5%
Techology companies	4%	3%	1%	11%	6%
Merchants	2%	2%	1%	9%	2%
Neo-banks	2%	2%	2%	4%	2%
Buy-now-pay-later firms	1%	1%	1%	2%	1%
None of these	10%	4%	4%	5%	7%

For businesses, trust in banks and cards schemes is even more predominant. For small-to-medium enterprise (SME) merchants that make and accept at point-of-sale, the role of banks, building societies and card schemes is paramount to their ability to trust the payments ecosystem to do business day-to-day (Fig 17). The role of innovation, it seems, tails off with regard to business customers, who prioritise reliability, convenience and security, as they need to adjust to meet the preferred payment needs of their customers.

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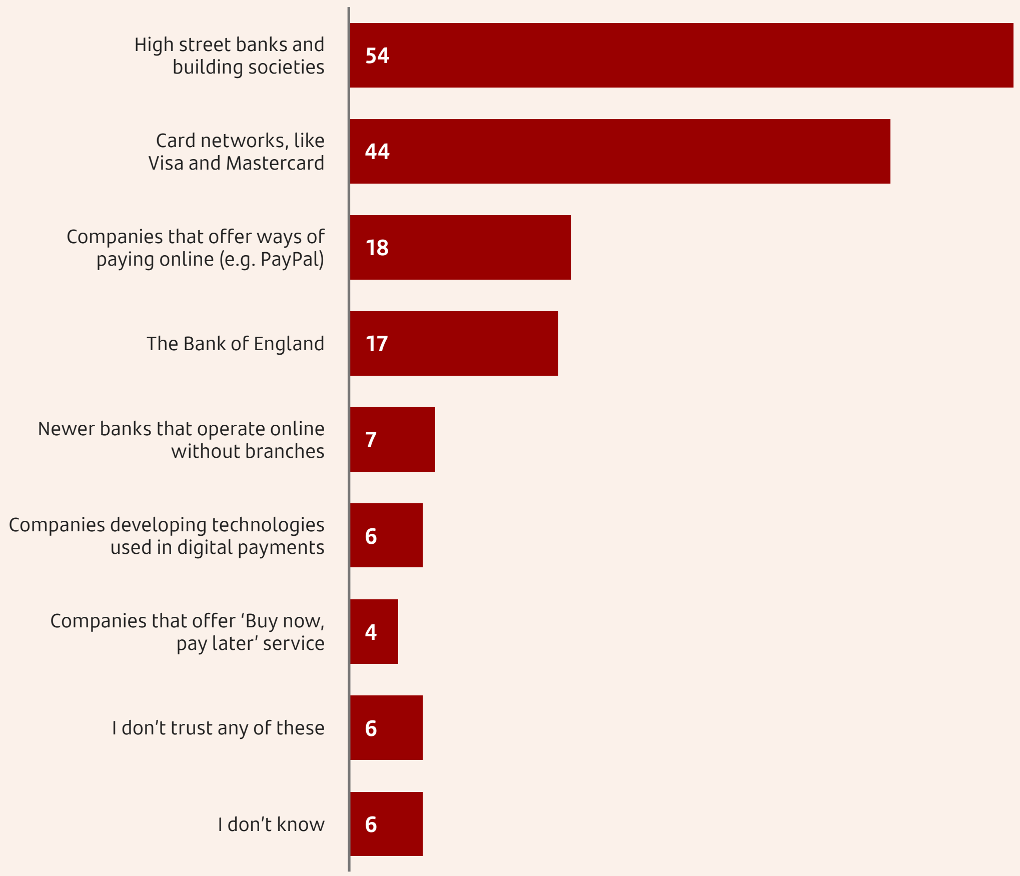
Fig 18: Whom SMEs trust most when it comes to business payments (% selecting as one of two most trusted organisations)



TAKEAWAYS

1. Banks and card schemes are generally most trusted by both consumers and SMEs. Technology companies, online-only banks and BNPL firms are generally less trusted.
2. Banks are the most trusted actor when it comes to maintaining consumers' privacy, keeping their details safe and secure, and ensuring their protection.
3. The whole ecosystem, including payment services firms and technology companies, has a role to play in the adoption of new technologies.
4. Banks and card schemes are perceived as most likely to drive consumer adoption of new payments technologies.

What this means for public policy

Consumers turn to trusted actors to understand the nature of, and rationale for, changes to the payments landscape. Their trust in banks means that they are responsible for driving significant consumer preferences and attitudes. As such, banks' role in driving mainstream adoption and integration of changes to the payments landscape cannot be overstated. In effect, **banks' trusted reputation within the payments ecosystem has historically shaped consumer trust in, and uptake of, new and enhanced ways to pay and will likely continue to do so**. As such, there are lessons for their role in, and responsibilities for, the development of new payment methods as well as for their supervision. **Recommendation 7: It is clear that trusted payments actors have clear roles to play. Thought should be given in the design of payment system enhancements to what this means in practice commercially and for fraud liability.** As noted in Chapter 1, regulation in the past has at times sought to drive change in, and adoption of, payments absent consumer reality. As evidence shows, regulatory priorities would do better to align with consumer preferences, and the means through which these are best understood, than to seek to inform unwarranted changes to consumer behaviour. Banks hold both the deepest understanding of consumer behaviour and the reputation to drive trust in, and uptake of, changes in the payments landscape.

Connected to this, **Recommendation 8: The abolition of the PSR offers an opportunity to streamline how payments are regulated and to clarify regulators' role in payments' growth.** The PSR's role has been crucial: it brought about important changes that dramatically improved competition in the ecosystem and opened access to payment firms that allowed consumers to better understand and access payment infrastructure. Its role in supporting consumer reimbursement for APP fraud has also been important in meeting consumers' concerns about their safety and protection.

Context

Payments regulation in the UK

The UK has a complex and overlapping regulatory framework for firms involved in payments. The **FCA** supervises conduct and standards of payment service providers and banks that offer retail payments. The **Prudential Regulation Authority** within the Bank of England supervises the prudential standards of larger banks that also offer payment services.

The **Bank of England** supervises the operators of payment market infrastructure, like Visa and Mastercard, and Pay.UK, which runs Faster Payments.

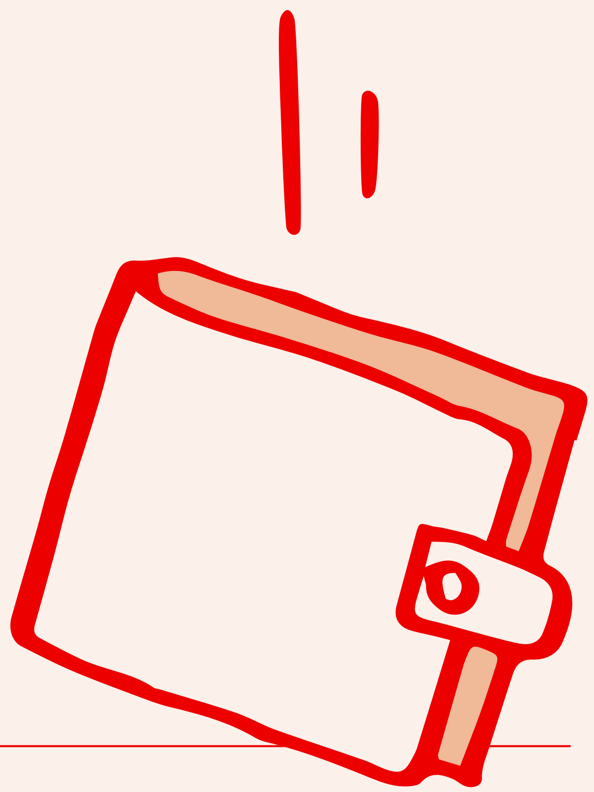
The **PSR** is the economic regulator for payments, focused on the accessibility of payment infrastructure, and supporting users where it perceives anti-competitive behaviour (e.g. in respect of fees). In October 2024, it introduced rules to mandate reimbursement of victims of APP fraud.

HM Treasury, responsible with Parliament for defining the framework and objectives of regulation, has announced that it will abolish the PSR and fold its mandate into the FCA in order to reduce the burden of regulation and spur growth.

However, as is much documented, not least in the NPV itself, as the payments sector has expanded, **the role of regulators has become increasingly unclear and is undermining the potential for payments' long-term growth.** Abolishing the PSR is the right step in rationalising regulatory objectives and streamlining supervision. But there is a risk that consolidation of the PSR's mandate under the FCA unchanged fails to learn lessons from the last ten years of economic supervision of payments architecture. As the government considers how to ensure consumer outcomes and growth are put at the heart of future priorities, **it is right that both the FCA and the Bank of England receive responsibilities towards enabling consumers' interests in payments, and payments' innovation and competition.** As this research has also shown, the landscape of actors involved in payments has grown and the range of firms now presenting risks to consumers has grown with it. As such, **the Bank of England should be expected to consider more proactively the role of innovation in payments systems supervision,** including in addressing stability, efficiency and substitutability between different actors. We have been encouraged by the central bank's early signals about the role of innovation in other market infrastructure. This should be carried over to payments, as well.

This report has discussed already the role of commercial viability in driving new means of payment. However, it is equally important that cards' future price competitiveness and transparency is assured if it is to remain a dependable, accessible and secure means of payment. The PSR has conducted detailed market reviews of the competitiveness and transparency of fees charged on merchants, consumers and others through interchange, scheme and processing fees. As the FCA and HM Treasury consider their recommended remedies following the PSR's eventual abolition, **Recommendation 10: as part of the PSR's abolition, we recommend that the government proactively seek to clarify the legal footing of interchange fees and set a clear mandate to a competent regulator in the oversight of these fees in future.** Recent case law has further demonstrated that modifications and clarification to the UK's Interchange Fee Regulation are much needed to protect cards' long-term viability.

Finally, the role of government itself in payments cannot be overlooked. Regulatory efficiency is crucial to upgrading existing architecture but also nurturing new innovations, and the government's initial steers to the Bank of England's forthcoming new Retail Payment Infrastructure Board and its new retail payments infrastructure strategy are early signals of positive intent. However, **our view is that a sustained understanding of, and direct access to, consumer preferences and behaviour by government itself is critical to ensuring that the right long-term outcomes for payments are achieved.** As we collectively move beyond strategy-setting to delivery, **Recommendation 10: HM Treasury must retain a role in driving change in payments and overseeing the delivery of the strategies it has helped to create.** As the roles of payments regulators are rationalised in the coming years, and in the government's Payments Forward Plan at the end of 2025, it will be important for HM Treasury's permanent role to be clearly articulated.



Annex

RESEARCH METHODOLOGY

To explore experiences of, and attitudes to, payments, Global Counsel carried out a programme of primary research incorporating qualitative and quantitative methodologies.

Depth Interviews

In autumn 2024, 14 video-conference interviews were conducted with consumers to understand their experience of making payments in different ways/scenarios, their experiences of "pain points" and their attitudes toward potential future payments. The sample was drawn from across the country balanced by gender, age and socioeconomic group. To understand the dynamics within different segments, the sample was split 50:50 between adopters (high use of newer forms of payments, general interest in new forms of technology) and sceptics (low use, reticent about newer technologies).

Deliberative research

In winter 2024, Global Counsel organised an in-person "citizen's jury" deliberative exercise in London. Participants were divided into an adopters group and a sceptics group and discussed payments in general, cryptocurrencies and the digital pound. They were then presented with factual information about the digital pound and invited to give a "verdict" on digital currencies at the end of the session. This exercise was primarily conducted to deepen understanding of how consumers think about digital currencies and ensure that neutral, informative information was easily understood.

Consumer survey

Based on the above exploratory work, an online quantitative survey was undertaken in February 2025 with a representative sample of 3,022 respondents. Quotas were applied to gender, age, and region, and the data was weighted according to distribution along these lines within the wider population. Similar definitions of sceptics and adopters as those used to screen respondents for qualitative research were applied to analyse the results.

SME survey

A short online survey was also fielded amongst a sample of 501 SME finance decision-makers in February/March 2025. The sample was broadly representative of the universe of UK SMEs by sector.

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