

November | 2024

# National Payments Vision

On 14 November 2024, the Chancellor Rachel Reeves announced the launch of a National Payments Vision (NPV) at the Mansion House event. This follows up on a commitment made at the October 2023 Budget by the previous Chancellor.

## Ministerial foreword

This is written by Tulip Siddiq MP, the Economic Secretary to the Treasury (EST). She reiterates the government's central mission to grow the economy; and highlights the dependency on effective payments. She emphasises the need for a seamless and trusted experience for consumers by ensuring the underlying infrastructure is secure and resilient; customer protections are in place; and providers are incentivised to innovate. She talks of the UK being in a strong position to seize opportunities from new technologies. In addition to launching the NPV, she commits to actions to cut through regulatory congestion, and to steer the approach to vital infrastructure upgrades. To achieve this, a Payments Vision Delivery Committee will be established – a senior cross-authority group, chaired by HM Treasury, and with a clear voice for stakeholders.

## Executive Summary

**Vision statement: ‘The National Payments Vision outlines the government’s ambitions for bolstering the UK’s payments sector to deliver economic growth. It charts a clear path for government, regulators and the sector towards a trusted, world-leading payments ecosystem delivered on next generation technology, where consumers and businesses have a choice of payment methods to meet their needs.’**

**The NPV addresses findings from the Future of Payments Review which challenged government to set a strategic vision for UK payments. This relies on two foundations.**

### ***Strengthening the foundations of today:***

- **The regulatory framework must be clear, predictable and proportionate.** The government has outlined its priorities for UK payments through a joint remit letter to the FCA and PSR and welcomes revision of their respective MOUs on payments regulation.
- **Resilient infrastructure is essential for trust.** The government has carefully considered the role of the New Payments Architecture programme and concluded a more agile and flexible approach is required. The Payments Vision Delivery Committee will work with Bank of England and PSR to:
  - clarify upgrades to FPS and assess longer-term requirements
  - assess longer—term requirements
  - consider appropriate funding and governance arrangements needed to deliver this (including proposals to reform Pay.UK)

### ***Building for tomorrow – driving innovation, facilitating competition, ensuring security***

The NPV outlines three key pillars designed to guide future activity.

- **Innovation** (need to enhance this in the UK, taking advantage of next generation technology; should be led by market within clear parameters from regulators)
- **Competition** (need for sustainable commercial models incentivising investment)
- **Security** (resilient systems and protections for customers; especially cross-border)

The NPV also provides direction on priority initiatives in the retail payments arena.

- **Seamless account-to-account (A2A)** payments must be developed to provide greater choice to consumers and merchants. **Open Banking** plays a vital role in this and **regulatory responsibilities will move to FCA**, with engagement of other authorities as needed.

- **Explore retail Central Bank Digital Currency** – no decision has been made but government commits to any decision being backed by primary legislation to guarantee users' privacy and control of money.
- **High standards of consumer protection.** The FCA will lead work to coordinate overlaps with PSR; PSR has committed to review of APPR after 12 months; government recognises role of tech and telco sectors in tackling APP fraud.

---

## Foundation 1: Regulatory environment and coordination<sup>1</sup>

This involves three elements:

1. **Joint payments remit letter** – from HMT to FCA and PSR on payment priorities. This includes:
  - a. Enhancing coordination to address congestion in the regulatory landscape
  - b. Supporting the development of Open Banking
  - c. Ensuring high standards of consumer protection and that people can make payments efficiently and safely
  - d. Driving an agile and flexible approach to delivering the UK's retail payments infrastructure needs
2. **Memorandum of understanding for payments cooperation** – the government agrees with Garner Review recommendation for Bank of England, PRA, FCA and PSR to revise their existing MoU on cooperation on payments regulation by Q2 2025. Expects regulators to consider collective impact on regulated firms and how requests could be streamlined (particularly for smaller firms). Government asks regulators to set out specific actions to improve coordination and minimise overlaps.
3. **Delivering world-leading payments infrastructure** – there are a number of potential opportunities including CBDC, RLN and stablecoin. The upgrade to NPA has been too slow with concerns raised on governance and sufficiently forward-looking tech and interoperability. The government considers a more agile and flexible approach to infrastructure is required; and that the effective delivery of the UK's retail payments infrastructure now and through time requires a strong and effective payment systems operator, and the current set of organisational arrangements could be improved. This work will be led by the Payments Vision Delivery Committee (see below).

---

<sup>1</sup> [National Payments Vision.pdf \(publishing.service.gov.uk\)](#)

---

## Foundation 2: Building for tomorrow – driving innovation, facilitating competition and ensuring security

The government considers that three key pillars – innovation, competition and security – should guide industry and regulatory activity towards delivery of the government’s vision. This section addresses the key initiatives the government believes will drive innovation and facilitate competition in payments.

### Delivering seamless A2A payments through Open Banking

Cards work well for consumers but **government ambition is for seamless A2A payments are developed as a ubiquitous payment method**. To do this, the underlying payments infrastructure needs improved functionality. *‘Open Banking, with its significant untapped potential, has a vital role to play in achieving this ambition in the near-term – in particular, through unlocking account-to-account payments for ecommerce. The government expects the regulators to ensure a strong focus on competition and choice in their work to support the development of Open Banking.’*

The government has asked the **FCA to be the UK’s regulator for Open Banking** as envisaged by the Data Use and Access Bill. The government expects the FCA to engage as appropriate with the PSR, including in relation to the interaction of Open Banking overlay services with underlying payment rails (which are designated as PSR regulated payment systems). The long-term regulatory framework for Open Banking will build on existing payment account access requirements to create a regulated scheme for Open Banking. This will include making provision for a new central body to take on and expand upon the important role that has been performed by Open Banking Limited.

Commercial models are key and the government supports an **industry-led approach to the development of commercial VRP model** and expects it to be delivered quickly and in a way that supports effective competition. The commercial model for e-commerce use cases will need to reflect different risks and requirements. Given it will take some time to develop, **the government therefore asks the FCA to commence work to determine the commercial model for e-commerce uses cases** swiftly, and in parallel to the delivery of the pilot.

## Enabling use of safe and trustworthy digital identity products

Government recognises importance of digital ID and notes the Data Use and Access Bill will enable helpful measures, under auspices of DSIT. It also welcomes the work of the Centre for Finance Innovation and Technology (CFIT) and its coalition partners to explore the potential of digital verification solutions to combat economic crime.

## Exploring a digital pound

The government will continue the design phase for the digital pound with the Bank of England. It notes that a digital pound could provide a public platform for private sector innovation, promoting further choice and efficiency in payments. No decision has been made and any decision to proceed would be accompanied by primary legislation allowing full scrutiny of Parliament and a public consultation.

## Ensuring the security of the UK's payments ecosystem

The government is committed to high standards of consumer protection. **FCA will take over as the main responsible regulator for fraud** and will work on overlaps with the PSR.

The government recognises prescriptive requirements are not helpful in creating friction in payments and is committed to commencing the **revocation of the Strong Customer Authentication (SCA) regulations**. This will enable FCA to incorporate aspects into its rules allowing for a more outcomes-based approach.

The PSR will commission an **independent post implementation review of APPR after 12 months**. The government welcomes work by FCA and PSR with FS sector on intelligence sharing as a means to strengthen fraud prevention.

**The government has written to tech and telco sectors to call for demonstrable action** to reduce the scale of incidents and losses from fraud taking place on their platforms and networks. The government will require an update at the Joint Fraud Taskforce in March 2025.

## Payments Vision Delivery Committee (PVDC)

To take forward the NPV, the government is establishing a **Payments Vision Delivery Committee**.

### Purpose

- To oversee the implementation of the UK's National Payments Vision.
- The vision aims to create a trusted, world-leading payments ecosystem built on next-generation technology, offering consumers and businesses a variety of payment methods to meet their needs.

### Key Objectives of the PVDC:

1. Regulatory Alignment: Ensure that regulatory activities align with the National Payments Vision.
2. Coordination: Facilitate coordination among the Bank of England, the Financial Conduct Authority (FCA), and the Payment Systems Regulator (PSR) to manage the overall regulatory burden and promote innovation.
3. Prioritisation: Provide a mechanism for prioritising initiatives across the payments landscape.

### Governance and Structure:

- Membership: The PVDC comprises senior representatives from HM Treasury, the Bank of England, the FCA, and the PSR.
- Secretariat: HM Treasury will provide the secretariat function for the committee.

### Role of Industry:

- To incorporate industry perspectives, the PVDC will establish a Vision Engagement Group. This group will include representatives from various sectors within the payments industry and will serve to inform and support the committee's work. While the Vision Engagement Group will provide valuable insights and feedback, decision-making authority remains with the PVDC.

### Decision-Making Process:

- The Committee is chaired by HM Treasury and includes senior representatives from the Bank of England, FCA, and PSR.
- Decisions are made collectively by these regulatory bodies to ensure a unified approach to implementing the National Payments Vision, with industry input facilitated through the Vision Engagement Group. However, ultimate decision-making rights reside with the committee's governmental and regulatory members.