UK Finance

UK Payment Markets 2025

Foreword

The transformation of the UK payments industry continues at pace, with consumers now having access to a wider choice of payment methods than ever before.

Within almost 49 billion payments made during 2024, a number of interesting trends can be seen. Debit cards continue to be the most frequently used payment method in the UK, driven both by consumer demand and by the availability of simplified methods for small businesses to accept card payments using only a smartphone or tablet device, increasing card acceptance levels across the country.

Contactless payments also continue to be popular with consumers, with almost four out of ten payments in the UK made using contactless methods during 2024. However, there has been a surge in use of mobile contactless payments, with half of all UK adults regularly using services such as Apple Pay or Google Pay to initiate contactless payments during 2024. This marked the first time that regular mobile payment users reached half of the adult population in the UK, up from around a third the year before. Whilst younger people continue to lead the way in this adoption, we are already seeing significant use among older age groups, and we expect them to catch up with their younger counterparts over the coming decade.

This doesn't mean we are on our way to becoming a cashless society. Cash is still a frequently used method of payment in the UK, with almost one in ten payments made using cash during 2024. Nevertheless, UK adults as a whole are using cash less than in previous years and more people are leading largely cashless lives. The challenge is to ensure that the industry continues to provide access to cash for those who prefer to pay this way, even as overall use of cash declines.

In recent years there has been significant innovation within payments and the consumer experience becoming ever more seamless. Developments such as Open Banking payments are being used to provide additional functionality and choice in the way that we pay for things. As digital technologies continue to develop there is also a huge amount of work and investment taking place to enhance the payments infrastructure, both across existing forms of payment and new digital assets and money.

As the future unfolds, UK Finance's definitive data analysis and market insight will remain essential reading for those in the industry and beyond who want to understand the UK's dynamic payments sector.

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UK Finance

Payment Market Headlines

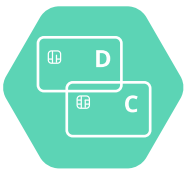
48.8 billion payments made in 2024*

2024

- Debit cards were the most used payment method with 26.1 billion payments, accounting for half of all payments in the UK
- Contactless debit and credit card payment volumes totalled 18.9 billion
- Cash payments accounted for 4.4 billion payments, for the first time accounting for less than 10% of all payments
- While cash transactions declined, cash machines played a bigger role in cash acquisition as 49.4 million people used one
- Faster Payments and other remote banking totalled 5.6 billion payments and are now the second most used payment method in the UK
- Cheque volumes declined by 17% in 2024 and now account for only 0.2% of payments made in the UK
- 88% of the UK adult population used at least one form of remote banking in 2024, with a big shift towards mobile banking which 75% now use
- Bacs Direct Credit volumes declined by 4% to 1.9 billion payments
- Direct Debit increased slightly by 2% to 4.9 billion payments, 10% of all payments
- 25% of people used Buy Now Pay Later services at least once in 2024, compared with 14% the previous year
- The value of CHAPS payments was £87.5 trillion

2034 (projected)

- Debit cards expected to reach 30.6 billion payments in 2034
- Card payments (debit and credit) forecast to be 67% of all payments in the UK in 2034
- By 2034, contactless payments are expected to be 43% of all payments, accounting for 24 billion payments
- Cash use expected to continue to decline and to account for only 4% of all payments made in the UK in 2034
- Faster Payments and other remote banking to grow to 8.5 billion payments
- Cheques to continue to decline to account for just 0.1% of overall payments
- Bacs Direct Credit expected to increase slightly to 2 billion payments
- Direct Debit forecast to see moderate growth and reach 5.1 billion payments in 2034



64%

In 2024 card payments accounted for 64% of all payments in the UK

67%

In 2034 card payments forecast to account for 67% of all payments in the UK

*excluding CHAPS

Summary: Total UK payments in 2024 and forecasts to 2034

The payments landscape is currently undergoing a period of transformation in the UK, spurred by technological innovation, new opportunities in Open Banking, and behavioural change. Action from regulators with the aim of improving the competitive environment and the roll out of the National Payments Vision, with the goal of fostering a new era of innovation in payments, further contribute to creating conditions for change.

Payment markets have gone through a fair share of disruption in the last five years. For example, we saw significant changes to the way we pay for things in response to the global Covid-19 pandemic. During the periods of lockdown that were experienced, certain parts of the economy were closed completely, and these tended to be sectors where cash was more frequently used. For those parts of the economy that remained open, there was an increase in the use of contactless payments, online banking and mobile wallets.

When the economy re-opened, the new payment habits did not disappear. In fact, the inflationary crisis that followed led to further changes in spending patterns and payments behaviour, as consumers sought to adjust their spending in response to price changes, leading to a large increase in payment volumes that was mostly the result of payment fragmentation, as well as new working and travelling patterns, but which did not represent a meaningful increase in consumption by consumers and businesses.

In 2024, the modest increase in payment transactions, 1.9% to 48.8 billion payments, creates the illusion of a market returning to the slow and steady growth observed in the pre-2020 period. However, beyond the headline number, payment markets are experiencing significant change.

The number of payments made using both debit cards and credit cards increased in 2024. Further, the share of card payments is now 64% of all transactions. That said, contactless card payments, a growth driver over the last decade, grew by only 3% in 2024. This figure compares with 7% in 2023, 30% in 2022 and triple digit growth rates a decade ago. Yet, despite the relatively small growth rate in overall contactless payments, a significant shift occurred in 2024, as for the first time the share of mobile payment users reached half of the adult UK population. Users who register for a mobile wallet service, quickly seem to become frequent users and where contactless card payments replaced what were once low-value cash payments, now contactless mobile payments appear to be replacing contactless payments initiated using a physical card.

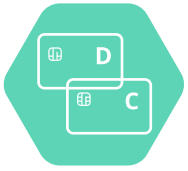
Online shopping, which over the last 20 years was the source of several innovations in payments, is one of the sectors where mobile wallet payments growth is more evident. More and more online shops offer services such as Apple Pay and Google Pay at the online checkout, allowing shoppers to check out with only one click rather than entering payment and billing/deliver details in a series of steps. The convenience of this innovation appears to be attractive to those shopping online, with increasing numbers choosing to pay using Apple Pay, Google Pay or similar services.

Cash, which until 2023 was the second most used payment method in the UK, has now fallen below the level of Direct Debit, Faster Payments, and credit cards. At the same time, more people are using cash machines as their method of cash acquisition.

Faster Payments continued to grow in the UK in 2024. Both businesses and consumers increasingly used online and mobile banking to make payments and to transfer money. Plans to strengthen the Open Banking infrastructure outlined in the National Payments Vision might drive further growth in this area in the coming years.

Remote banking grew only slightly in 2024 as penetration is already close to 90% among the UK population, but also in this case an important shift has taken place under the modest headline growth. For the first time, more consumers used mobile banking than online banking, that is, more consumers accessed their bank accounts via an app on a mobile phone or other mobile device, rather than accessing their accounts via the provider's website on a desktop computer or a laptop. Consumers continue to extend their use of mobile banking beyond just checking balances, increasingly making payments and managing their finances more generally, further contributing to growth in Faster Payments.

Looking ahead to the next decade, further market developments may bring extensive transformation to the UK's payments landscape. UK Finance will continue to monitor and analyse how these developments may affect payment markets in the future.

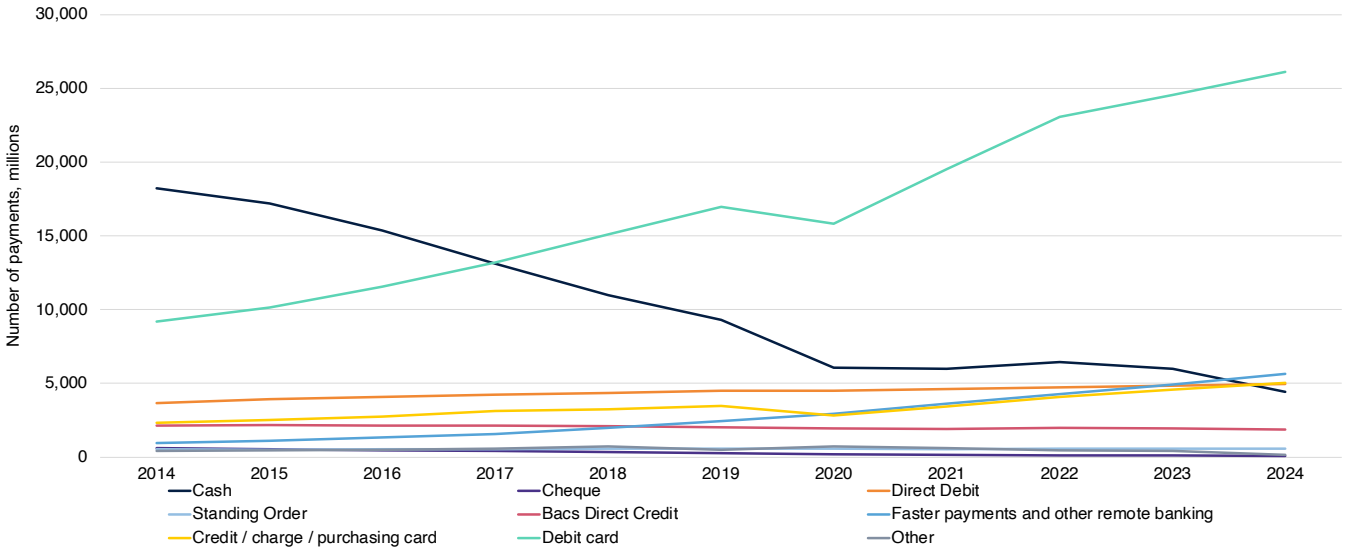


64%

In 2024 64% of all payments in the UK were made using cards

Chart 1.1

Payment volumes (millions) 2014 to 2024



More than 8 in 10 payments made in the UK in 2024 were made by consumers. Spontaneous purchases accounted for 84% of those payments, with the other 16% of their payments being made to pay for regular bills and commitments.

Commercial organisations, government, and not-for-profit organisations (collectively referred to using the shorthand "businesses" throughout this report) were responsible for 16% of payments made in the UK in 2024, totalling around 7.6 billion payments. Payments made by businesses to individuals accounted for 40% of all payments, with the remainder being payments that businesses make to other businesses.

Consumer
41.2 billion payments

Spontaneous
34.8 billion

Regular
6.4 billion

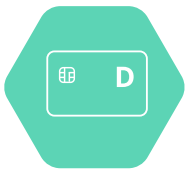
Business
7.6 billion payments

Business to business
4.6 billion

Business to individual
3.0 billion

There are a wide variety of payment methods available in the UK. Each payment method provides specific benefits to the participants in the transaction. Payers generally choose the method that best meets their needs in any given situation, albeit sometimes influenced by the preferences of the payee.

Debit Cards



53%

Debit cards accounted for 53% of all payments made in the UK in 2024

In 2024, debit card payment volumes increased by 6% to 26.1 billion payments. Almost all UK adults hold at least one debit card, and most people use them to make payments.

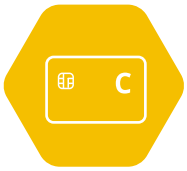
Debit card volume increases were driven by a number of factors which include:

- Continued migration away from cash towards debit cards
- Continued use of multiple bank accounts, with different cards used for different types of purchases
- Continued trend towards small businesses accepting card payments, and for cards being accepted for low value transactions (without the imposition of a minimum spend threshold)
- Increase in mobile payments which most people link to a debit card as their default card

Throughout 2024, contactless payments continued to grow, contributing to the ongoing increase in use of debit cards. That said, there is a move from contactless payments made with debit cards to contactless payments made with a mobile wallet (the majority of which link by default to a debit card). More detail on contactless payments is given below.

Over the next decade, debit card payment volumes are forecast to continue to increase. This growth will be driven by the continuing rise of contactless payments, the ongoing growth of online shopping and ever-increasing levels of card acceptance amongst businesses of all sizes, but particularly amongst smaller businesses. It is forecast that 30.6 billion payments will be made using debit cards in 2034.

Credit Cards



56%

56% of adults in the UK have a credit card

There were 5 billion payments made using credit cards in 2024, up from 4.9 billion payments in 2023. This continues the trend of increasing credit card payment volumes that has been seen since the end of the Covid-19 pandemic, a period during which many consumers paid down their credit card balances, rather than adding additional spending to them. In the period immediately after the re-opening of the economy, some of that spending will have been purchases that would have happened during lockdowns but were postponed. By 2024, the credit card market seems to have returned to long-run trends.

In 2034 credit card payment volumes are forecast to reach 5.9 billion payments. Future growth will be closely tied with wider economic conditions, which determine consumer appetite for taking on unsecured debt. Other factors that will determine growth include competition from BNPL or other innovations in the consumer credit and card payments sectors.

Contactless Payments

Percentage of all payments made via contactless

3% **2015**

21% **2019**

39% **2024**

During 2024 the number of contactless payments made in the UK increased to 18.9 billion payments, up from 18.3 billion payments the previous year. This was driven by:

- the continued roll-out of card acceptance devices especially among smaller businesses
- consumers increasingly preferring contactless payments over chip and PIN
- continuing growth in popularity of mobile contactless payment services such as Apple Pay and Google Pay.

Since January 2020, every bank-issued payment terminal in the UK has been capable of accepting contactless payments. Along with many smaller businesses now accepting card payments, this has increased the number of locations where consumers can pay using contactless.

There are two main ways of making contactless payments:

- Using a payment card with contactless functionality; or
- Using a mobile phone or other device with a wallet service such as Apple Pay or Google Pay

Contactless cards

At the end of 2024 there were 153 million contactless cards in circulation, which means that 89% of cards in circulation in the UK had contactless functionality.

The majority of people in the UK use contactless cards, with 76% of people making contactless payments with a card at least once a month or more frequently during 2024. People of all ages used contactless cards, and even when considering people of retirement age, 75% used contactless cards at least once a month. The group showing the highest rate of use was the 35-44 age group, where 80% of people regularly used contactless cards. Though small differences remain across age groups and regions, the majority of people in all age groups and across all regions use contactless cards and the age difference gap, which was large a few years ago, has now become small

39%

39% of all payments in the UK were made via contactless methods in 2024

Mobile contactless payment services, such as Apple Pay and Google Pay

As well as using contactless cards, other devices such as mobile phones and smart watches can be used to initiate contactless payments, and the virtual wallets that power these devices can also be used to make payments for online shopping.

More than half (57%) of UK adults reported being registered for at least one mobile payment service in 2024, a significant increase from 42% in 2023. Of those registered for mobile payments, 87% used the services to make payments at least once a month. In terms of the total population, 50% were using mobile contactless payments at least once a month in 2024. It is the first time that regular mobile payment users reached half of the adult population in the UK.

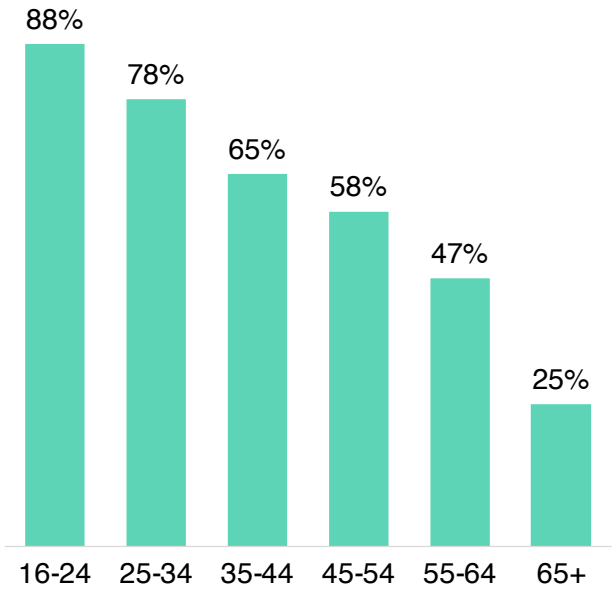
1/2

In 2024, half of all UK adults used mobile contactless payments regularly

Similar to most new technological innovations, UK Finance market research found that younger people are more likely than older people to use mobile payments services such as Apple Pay or Google Pay. We expect that, over the next decade, older age groups will start to catch up with younger cohorts in terms of adoption of mobile payments, a pattern that is regularly seen following the introduction of new payment services and technologies. This pattern was observed with contactless card payments and we are likely to see it with mobile payments too.

Chart 1.2

Proportion of each age group registered to use mobile payments, 2024



Cash

Cash as a % of all payments

2009	2014
58%	48%
2019	**2024**
23%	9%

Cash payments have been showing a long-term decline, with payments migrating away to debit cards in general and contactless payments in particular.

Even though cash payments have been declining over the past two decades, a new threshold was reached in 2024 when cash stopped being the second most used payment method in the UK and fell behind Direct Debits, Faster Payments and credit cards.

During 2024, the number of cash payments in the UK fell to 4.4 billion payments, down from 6 billion payments in 2023. The proportion of payments made using cash fell from 12% to 9% of all payments.

Most cash payments (4.3 billion) in the UK were made by consumers. However, whilst overall the use of cash declined, it is important to note that this is not the experience of all consumers, and for some the use of cash continues to be an important element of how they manage their finances.

Over the next decade the number of cash payments in the UK is expected to continue the long-run declining trend seen over the last couple of decades, as consumers continue to turn to alternative payment methods. Having said this, the rate of decline has slowed as use becomes concentrated amongst people who have a strong preference for cash and in situations where cash has advantages over other payment methods. Over the next ten years, the decline is expected to be far smaller than that seen over the past decade.

In 2034 there are forecast to be around 2 billion cash payments made in the UK, accounting for around 4% of all payments. Rather than the UK becoming a cash-free society over the next decade, the UK will transition to an economy where cash is less important than it once was but remains widely valued, and still preferred by some.

Buy Now Pay Later

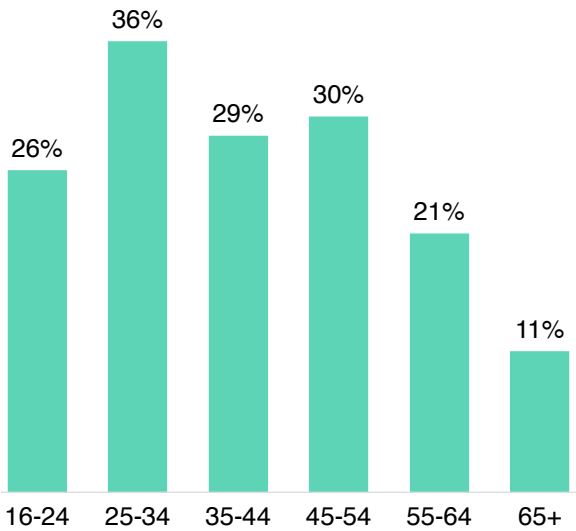
1 in 4

Around 1 in 4 people used Buy Now Pay Later in 2024

Around one in four people in the UK (25% of adults) used Buy Now Pay Later services to purchase something during 2024, compared with 14% the previous year. Around 28% of female adults and 22% of male adults used at least one BNPL service. Young consumers tend to use BNPL services more than older cohorts and the age group with the largest share of BNPL users in 2024 was 25- to 34-year-olds. In this age group 36% used Buy Now Pay Later services during 2024. In contrast, just 11% of people aged 65 or over used these services.

Chart 1.3

Proportion in each age group using BNPL services at least once in 2024



Direct Debit

4.9 billion

Volume of direct debit payments in 2024

In 2024 there were 4.9 billion payments made by Direct Debit, with an overall value of £1,486 million. Direct Debit is a familiar, long established and widely trusted method for paying regular bills and is used by consumers to make around 7 out of 10 of all regular bill payments.

As a well-established method of payment, growth in Direct Debit payment volumes tends to reflect growth in population and number of households. The volume of Direct Debit payments increased slightly in 2024 as the population and number of households increased.

Consumers are far more likely to use Direct Debit than businesses. Businesses tend to prefer to retain more direct control over the timing and amount of their outgoing payments, although some may still use Direct Debits to pay for business-critical services. Direct Debit payment volumes tend to be linked to some extent to the economic cycle and consumer confidence.

Due to the established nature of Direct Debit, there is expected to be slow and stable growth over the next decade, with 5.1 billion payments forecast in 2034.

Faster Payments and other remote banking

Number of payments made using Faster Payments and other remote banking (billion)

2009	2014
0.3	0.9
2019	**2024**
2.4	5.6

Remote banking remained popular in the UK in 2024, with 88% of all UK adults using at least one form of remote banking (online banking via a computer, mobile banking via an app on a smartphone or tablet, or calling their bank via a telephone banking service).

Within remote banking, mobile banking is now the main form of access to banking services with 75% of UK adults being users. Some consumers use a combination of different remote banking services, whilst others tend to stick more to their preferred option which increasingly has become mobile banking.

75%

75% of all adults used mobile banking in 2024

Related to the ongoing popularity of remote banking services in the UK, the number of remote banking payments processed via the Faster Payments Service (or cleared in-house by banks) during 2024 continued to grow. The number of payments increased by 14% compared with the previous year, to reach 5.6 billion payments. This meant that Faster Payments and other remote banking became the second most frequently-used payment method in the UK in 2024, overtaking cash and Direct Debit.

Use of remote banking by businesses also contributed to the strong growth in the volume of Faster Payments. In 2024, 50% of all payments made by businesses were made using Faster Payments. This follows Faster Payments overtaking Bacs Direct Credit as the most-used payment method among businesses in 2021.

Use of Faster Payments and other remote banking is expected to see strong growth over the next decade as both consumers and businesses increase their use of online and mobile banking. By 2034 remote banking payments processed via the Faster Payments Service or cleared in-house are forecast to rise to 7.2 billion payments.

Another potential driver for Faster Payments and remote banking over the next few years may come from the continued development of Open Banking products and services. Open Banking raises the potential for services that allow consumers to pay for online shopping (or indeed in-store shopping) using account-to-account payments rather than paying using a card. "Pay by Bank" services (that is, account to account payment services) are now starting to emerge in the UK although there is no evidence of acceptance by major retailers at the time of writing.

Standing orders

Standing orders tend to be used in circumstances where a regular payment of a fixed amount must be made, for example, for paying rent or making regular transfer payments from current accounts to savings accounts. In 2024 there were 560 million standing orders, similar to the previous year. This is expected to grow to 596 million payments in 2034.

Bacs Direct Credit

1.9 billion

There were 1.9 billion Bacs Direct Credit payments in 2024

Bacs Direct Credit is a popular and cost-effective method for businesses and government to make bulk payments, where both the value and timing of the payment are known in advance. For example, Bacs Direct Credit is a very popular method for paying wages and salaries. The government also uses Bacs Direct Credit to pay nearly all state benefits and pensions in the UK. A quarter (25%) of all payments made by businesses in 2024 were made via Bacs Direct Credit, placing Bacs Direct Credit as the second most frequently used payment method amongst businesses. That said, there is a long run trend away from Bacs Direct Credit. For comparison, in 2023, 28% of all business payments were Bacs Direct Credit and a decade ago they represented more than half of business payments.

The total number of Bacs Direct Credit payments is expected to stay stable over the next ten years, with reductions due to the transition of certain welfare benefits to Universal Credit balanced off against an expected increase in use by larger businesses. There are forecast to be 2 billion Bacs Direct Credit payments in 2034.

CHAPS

0.1%

In 2024 CHAPS accounted for 0.1% of payments in the UK by volume and 88% by value

CHAPS is used primarily by financial institutions to make wholesale financial payments and by large corporates to make

corporate treasury payments. As a result, in 2024 CHAPS accounted for just 0.1% of the total volume of payments in the UK. There were 52.7 million CHAPS payments processed in 2024, worth a total of £87.5 trillion. CHAPS payment volumes are closely related to the state of the UK economy. As such, future CHAPS payment volumes will depend largely on the economic outlook for the UK, the housing market, and the future of cross-border trade and investment.

Cheques

Cheques used to make payments (millions)

2009	2014
1,213	627
2019	**2024**
272	91

The number of cheques used to make payments continued to decline over the past year, falling by 17% compared with 2023 to reach a total of 91 million cheques. Both businesses and consumers continue to choose alternative payment methods instead of using cheques. Cards and remote banking transfers in particular are increasingly being used where previously a cheque may have been written. Despite this decline cheques remain valued by those who choose to use them, as they provide a convenient and secure method of paying someone when you do not know the recipient's bank account details.

Forecasts for payments in the UK to 2034

Over the last decade, a series of key payment trends have been observed in the UK:

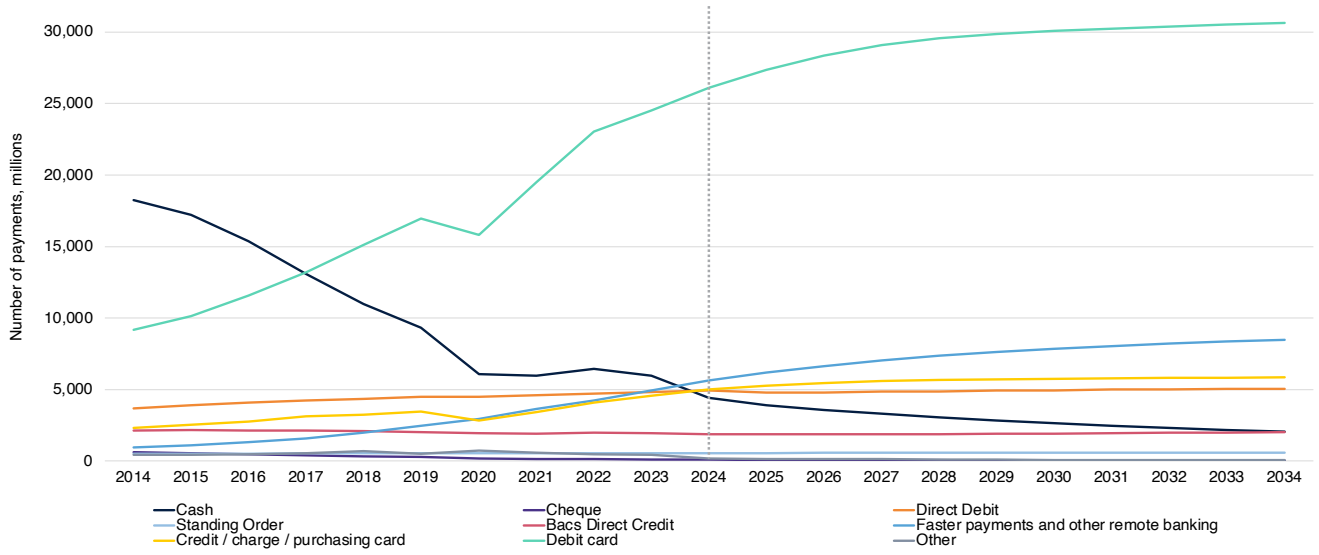
- Increasing debit card payments
- Continued decline in cash payments
- Ongoing growth in Faster Payments and other remote banking payments

These trends are expected to continue in the near future. In addition, we expected to see developments in Open Banking further boosting Faster Payments and mobile wallets increasingly replacing other forms of contactless payments.

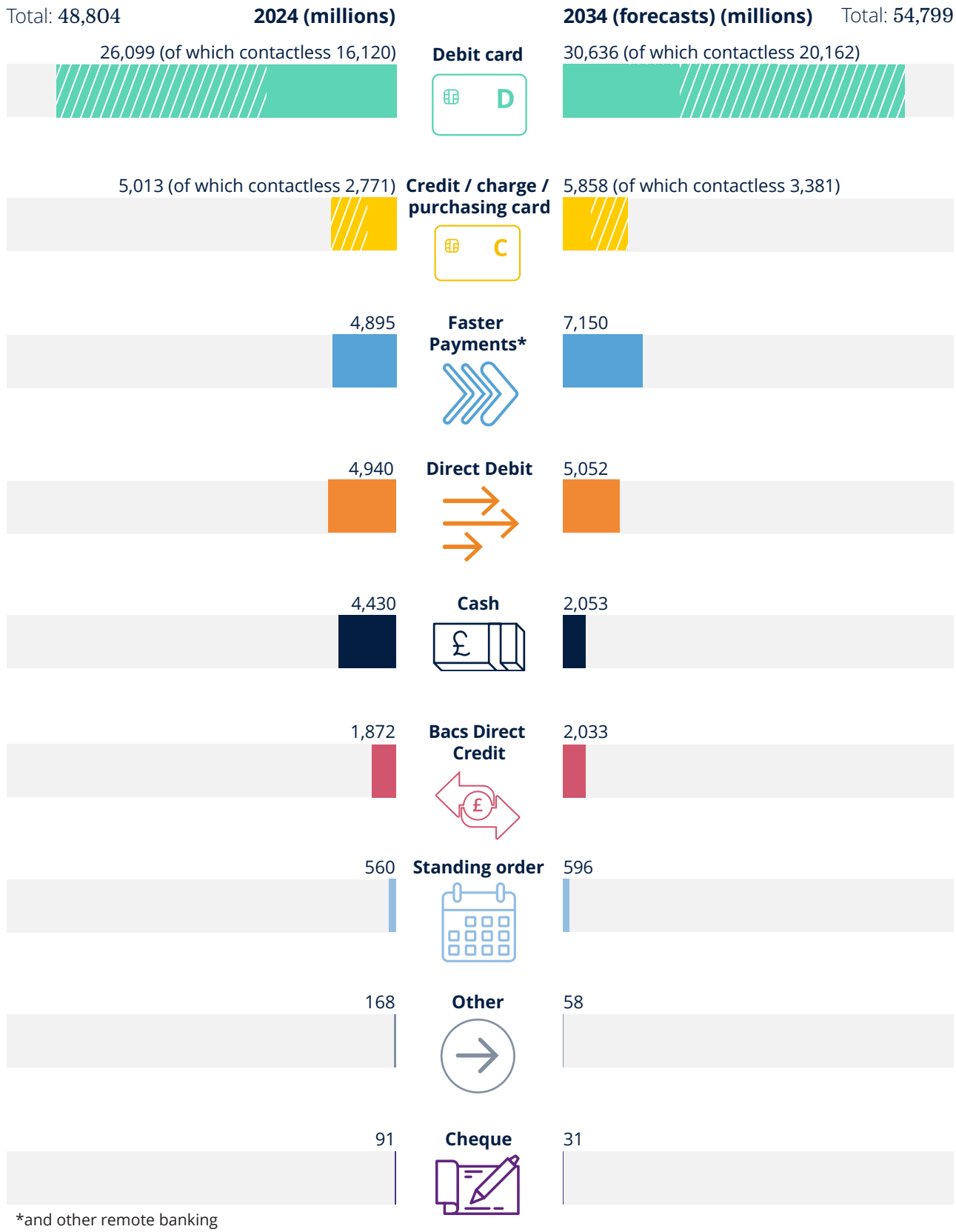
Our forecasts for development of payment volumes over the next ten years can be seen in the chart below.

Chart 1.4

Payment volumes (millions) 2014 to 2034



Total payment volumes in the UK (millions) 2024 vs 2034 forecasts (excluding CHAPS)



*and other remote banking