

Financial Institutions Report

Foreword

When we launched Payit in 2020, the world looked very different. Open Banking was still a new concept that businesses were trying to grapple with, and while there was excitement about what this technology could do, there was also some trepidation. Over five years later, the Open Banking case has been persuasively made, and we're seeing more and more businesses embracing solutions like Payit to help address their payments challenges.

But we needed to understand exactly what those challenges were: what factors are causing businesses to lose time and money, and causing their customers frustration or inconvenience. So, earlier this year, Payit conducted research into the frictions that businesses were facing when it came to payments and transfers.

While challenges were everywhere, one sector was clearly feeling the impact of inappropriate systems and processes more than others: financial institutions.

More than any other industry, those working in the financial sector were more likely to report delays in processing payments, high fees, and concerns about security.

Payit is a payments solution from a trusted high-street bank, and we already work with many finance businesses to make sure that their customers can access their money swiftly, safely and securely, all thanks to the power of Open Banking.

We're on the brink of the next revolution in Open Banking technology, one that will have huge benefits for businesses and their customers. To help businesses in the financial sector make the most of this new phase of frictionless payments, we've put together this report, exploring the specific barriers the industry faces, and showing how Open Banking solutions like Payit might help solve them.

James Hodgson, CEO, Payit by NatWest



Introduction

Over two thirds (67%) of UK businesses often suffer payment system issues¹. That represents a huge level of disruption, delaying purchases, increasing the likelihood of fraud, and resulting in a serious cost to businesses and customers alike.

The financial cost is beginning to rankle. In fact, over half (55%) agree that their current payment process incurs high transaction fees.

And two in ten (22%) spend more than 6 hours per month managing and storing sensitive customer information, such as card details, losing time as well as money.

Open Banking was designed to reduce these frictions, offering a fast, frictionless and secure alternative to existing payment methods. It enables secure, customer-consented access to financial data through standardised APIs.

With so many reporting barriers to smooth payments operations, it's time for more businesses to explore the world of Open Banking, and what it could unlock for their customers.



¹All statistics in this report are drawn from NatWest's 'Frictionless Payments' survey research, conducted by Censuwide, among a sample of 801 UK Respondents aged 25+ (Treasurers, Heads of Payments, Heads of Strategy and Chief Investment Officer etc.) The data was collected between 21.02.2025 - 27.02.2025. Censuwide abides by and employs members of the Market Research Society and follows the MRS code of conduct and ESOMAR principles. Censuwide is also a member of the British Polling Council.



2020

NatWest launches Payit, the first Open Banking payments solution launched by a UK lender.



2021

Collecting Payments all of market, next day refunds solution.



2022

Sending Payments API channel launched, enabling merchants to directly initiate payouts from their own systems.



2024

Collecting Payments payment guarantee launched, supporting in pay at table hospitality scenarios.



2025

Integrated payments and data solution launched, allowing merchants to link a bank account, verify identity and then initiate payments through one API connection.



2018

UK Open Banking is launched, requiring banks to open access to customer account information with explicit consent.



2020

Payit's first major implementation, for Vanquis Bank, is launched.



2021

Sending Payments integrated into Bankline online banking channel.



2023

Collecting Payments payment settlement confirmation launched, providing merchants with certainty of funds in near real time.



2024

Collecting Payments VRP sweeping launched, supporting 'me to me' payments and paving the way for commercial VRP launch in 2026.



2025

The forthcoming introduction of cVRP is announced, the latest revolution in Open Banking.

Financial Institutions Sector Overview

Of all the sectors we surveyed as part of our Frictionless Payments research, financial institutions were the most likely to be dissatisfied with their current payment processes.

Almost 3 in 5 (59%) said they incurred high transaction fees, and over half (53%) said their payment process from customer to business was too slow. Perhaps most worryingly of all, 47% had concerns about fraud or security.



Finance is one of the industries where security, speed and cost-effectiveness are most crucial.

For those still relying on traditional payment methods, Open Banking could offer a way forward that eases the frictions so many are reporting, opening up opportunities to offer more personalised services, streamline processes like credit checks or onboarding, and build innovative financial products, while enhancing transparency, compliance, and customer trust.

Financial institutions are also among the first businesses who will be eligible for new developments in the Open Banking space, and those who act now are likely to gain an advantage on the competition.

Giving borrowers back control

Our mission at Salad is to provide fair and affordable personal loan options to customers who might not be able to access that through mainstream financial services.

We were seeing more and more customers looking to pay their loans off early. We started looking at options to give them more choice for early payment on the website.

We needed a payment solution that could integrate seamlessly with our existing systems and provide a smooth experience for our customers. Payit gave us a platform that was flexible and scalable, something that was essential to support our rapid growth.

The real time nature of Payit as a solution for our

customers is great. They can click on Payit, go to their app, see the balance on their account and then see that payment go through and be processed.

We have seen an uptick in the use of early settlements. We've also seen a decrease in the level of declined payments. We know from customer feedback that people value these flexible payment options.

Trust is so critical to our proposition and NatWest is a name our customers trust. That's been so important to give our customers control and peace of mind.

Alex Marsh, Chair, Salad

Adoption and Uptake

While Open Banking solutions like Payit are already delivering real benefits for many businesses, some are still unsure about whether their customers will embrace a new way to pay. Traditional payment methods are still seen as the default by many.

But what we've seen repeatedly is that once customers use Payit once, they choose it again. While there is an initial burden of proof to show that this is a safe way to pay, the simplicity of the solution keeps customers coming back time after time.

Trust and credibility play a huge role in helping customers to make that choice. In fact, our research showed that **9 in 10 firms would trust an established bank to provide Open Banking solutions.**

We've seen this play out for many of our customers, like interactive investor (ii), the UK's largest flat-fee investment platform.



Delivering sector-beating adoption rates

Customers at ii value speed and security, to help them take advantage of fast-moving market opportunities. Payit's team worked hand-in-hand with ii's internal product team to develop a solution that allowed for simple, straight-through processing and enabled investments to be made quickly.

The response was decisive. Against an initial target of 30%, **Payit's adoption rate through ii reached 62% within the first two months**, proving more than twice as popular as expected with the platform's users.

Stephen Laine, Product Manager at ii, points to the close collaboration between the product teams as the reason for this success.

"I think the teams really gelled together - the engineers on our side worked with the Payit engineers to help work through issues. Analysts, products, UX all worked really well together. We got to be a part of that solution and build that solution around interactive investors' requirements."

Ultimately, understanding the user's needs and the way they interact with the existing platform is key to implementing an Open Banking solution that customers will use again and again.

Customer Experience

It's not just businesses that benefit from Open Banking solutions like Payit. The strong adoption rates we've explored in this report show that Open Banking payment systems also address headaches for consumers.

The move to a new payment solution is often driven by customer feedback, as it was for Yorkshire Building Society, who started working with Payit in 2023.



Enabling sustainable saving habits

“Our members were telling us they wanted to start savings habits, but they also wanted it to be easy, frictionless and wherever possible linked to their current accounts. It's no good bankers deciding what that customer experience should be. We really take our lead from our members.”
- Tina Hughes, Director of Digital, Yorkshire Building Society.

Despite being over 160 years old, Yorkshire Building Society is seeing a growing demand for cutting-edge digital functionality to help members manage their savings accounts.

Members were asking for intuitive, automated solutions that would help them build their savings on the move – accessed from anywhere, with all the safety and protection they would expect from their building society.

YBS tasked Payit with integrating an Open Banking powered payment solution into the YBS mobile app, giving members the easiest on-the-go access to their accounts, without sacrificing security. Now, 6 in 10 transactions of funds into Yorkshire Building Society savings accounts are completed using Payit, and customers report that it has improved their experience, is effortless, safe and secure.

The Future

Last year, the next step in the evolution of Open Banking was announced: Commercial Variable Recurring Payments (or cVRP).

cVRP builds on sweeping VRPs that are already up and running for account-to-account payments. This method of processing “me-to-me” payments is already used by many Payit customers including YBS and Salad. cVRP brings more use cases into scope, allowing payments between customer accounts and trusted businesses.

There are new AIS developments on the horizon too, which we expect to unlock the power of financial data for better customer experience, efficiency, and risk decisions.

2026 looks set to be an exciting year for the future of Open Banking.



Tomorrow begins today

Ready to explore **Payit?**

If you're looking for a way to solve your payments challenges, something fast, fair and frictionless, Payit might be the right option for you²

Get in touch with Payit directly or via your NatWest relationship team.



²You will need to sign up to Payit™ terms and conditions and you may need to hold an account with us. Your business must be based and trading in the UK with a turnover above £2M. You must be 18 years or older. Fees apply.

