



Payit 

Frictionless Payments

2026



Foreword

In my time leading Payit by NatWest I've seen Open Banking powered payments develop from a revolutionary new idea to a key part of the payments mix for an increasing number of British businesses. A term that was once confined to banks and fintechs in-the-know is becoming part of everyday finance operations in organisations across the country.

Our annual Frictionless Payments research is a valuable barometer of the state of the UK payments landscape, helping us to track ongoing and emerging challenges and opportunities for Open Banking as the technology becomes more and more embedded into everyday business.

Our [2025 survey](#) showed that amidst high levels of payment friction, awareness and understanding of Open Banking still had a way to go, and businesses were not fully appraised of how it could ease those frustrations.

Since last year the picture has changed: while Open Banking adoption is on the increase, frictions have not

necessarily reduced in tandem. There's clearly a gap between Open Banking's potential and the reality of what businesses are currently experiencing. Trust is crucial, and customers are demanding tight regulation to ensure providers are held to high standards.

The common thread that ties this year's report to last year's is that increased security and fraud protection remains the key driver for businesses considering adding Open Banking to their payments mix.

More than ever, it's clear that businesses are looking for reassurance to fully embrace Open Banking and it's the job of providers to help build that confidence.

James Hodgson
CEO, Payit by NatWest





Introduction

Over the last few years, we've seen a steady increase in Open Banking adoption, particularly for highly regulated sectors like Financial Institutions, for whom the enhanced security benefits offered by the technology are particularly compelling.

In fact, **47% of businesses say that Open Banking is now part of their payment mix**, and of those who have not yet made the leap, **94% report that it is likely that they will trial it in the next 12 months**.

But despite this increased uptake, old frustrations with payment processes persist, with **over half of all businesses reporting continued payment friction**.

In fact, there's a troubling increase in the numbers of businesses reporting several key payment-related challenges since 2025.

55% report that their current payment process involves fraud or security concerns, a 12% increase from last year.

And security concerns are not the only source of concern, with **54% of businesses reporting cashflow issues from payment processes, up 10% from last year**.

Most concerningly of all, these issues are not confined only to those businesses who have not upgraded their payments processes. It's across the board. Despite the promise of Open Banking, there's still a way to go to unlock the full benefits. The conversation has moved from one of awareness to one of trust.

As such there's a strong demand for regulation, with **93% of businesses saying that it is very important that an Open Banking provider is subject to the same requirements and regulatory oversight as a bank**.

With key policy updates focused on shaping the future of Open Finance regulation in the UK due in the coming months, now is the time for Open Banking providers of all stripes to ensure they're offering the best possible customer experience, seamless processes, and the highest levels of security and protection.



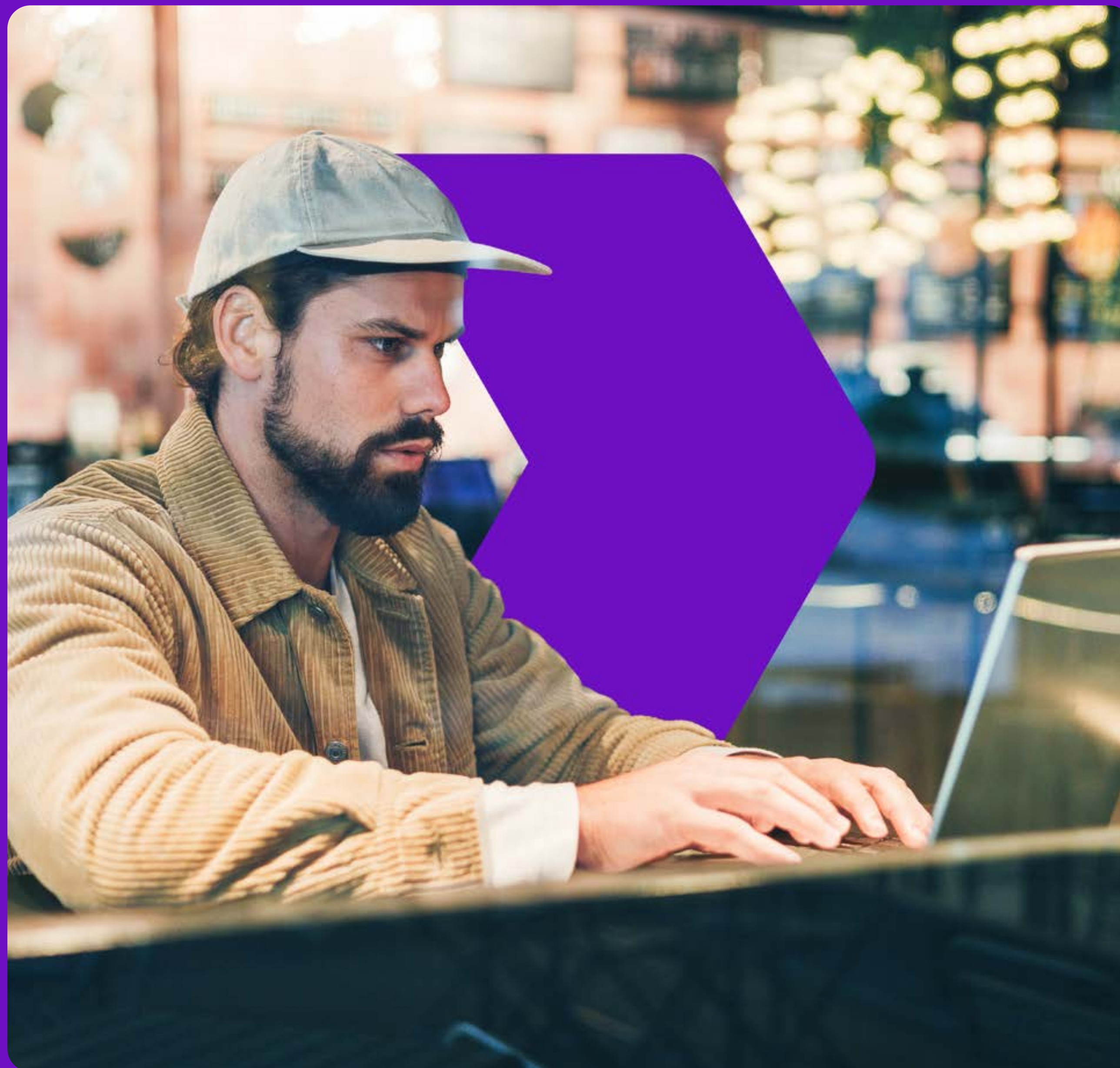
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Sector breakdown: a mixed payments picture

Across the industries we surveyed as part of this year's research, there was significant variance in the types of payment method that different sectors favoured. And unsurprisingly these different approaches to the payments mix lead to very different key challenges.

Despite the benefits offered by Open Banking innovations in terms of speed, ease and cost efficiency, businesses embracing these new technologies continue to experience friction, suggesting that there is still work to do to integrate new payments methods in ways that fully realise these potential gains.

Interestingly, those relying the most on legacy payments systems, such as direct debit, reported frictions across a much broader range of issues, and in far greater numbers.



More payment methods = less friction

Professional Services:

Professional services businesses were the least likely to report payment friction, but even within this sector around **half of all businesses reported issues with speed, ease, security and the cost of processing payments.**

This group reported using a relatively diverse suite of payment methods, though their use of direct debits and embedded finance were lower than most other sectors, with only the education sector posting lower numbers for these methods.

Financial Services:

Perhaps unsurprisingly, financial services businesses offered the most diverse mix of payments solutions for customers.

Companies in this sector were **most likely to use card payments (68%)** but were also the **highest adopters of Open Banking (59%).**

Financial services were the most likely to agree that their **current payment process incurs high transaction fees (65%).** Despite this, when it came to prioritising upgrades to their payment processes, financial services business put lower fees in last place, opting for **improved customer experience as the top change they would like to see (31%).**

Transport:

Businesses in the transport sector were most likely of all respondents to use **direct debit payment methods (60%).**

This industry also reported the highest levels of payment friction across the board.

Businesses in this sector were most likely to agree that their **current payment process results in late payments (64%), that it creates an inefficient and overly complicated checkout journey for customers (63%), that refunds for customers were too slow (60%)** and that their process **creates cashflow issues (60%).**

That's just under two thirds of all businesses in this sector reporting a raft of issues with speed, ease and customer experience. Ironically, businesses in the transport sector were also the **most likely to report that they were confident that their current payment process worked seamlessly and reduced inefficiencies,** with 98% saying that they were either very, or somewhat confident.

Education:

Businesses in the education sector were most likely to report using traditional bank transfers, with manual data entry (44%).

Their uptake of all payment methods was lower than in any other industry, suggesting that companies in this sector have a lower diversity of payment methods available to them.

This reliance on manual data processing is clearly creating friction for education organisations, with many reporting **inefficient checkout journeys (57%)** and **slow payments (56%).** Most concerningly of all, they were the most likely to agree that their **current payment process involves fraud or security concerns (59%).**

Along with the transport sector, organisations in the education sector were the most likely to agree that **their existing payments process is not adequately integrated to their existing infrastructure (58%).**

For the most part, the data shows that the greater diversity of payment methods that are open to a business, the more likely they are to overcome frictions that make payments processes slower, more costly and less secure than they need to be.



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Common themes: security, efficiency and accuracy

While there are clearly sector-specific nuances to the frictionless payments story, there remain significant areas of common ground.

Customer experience is the key pain point that organisations of all stripes identify as most critical to solve: 27% say that if they could change one thing about the current way they take payments it would be to deliver better customer experience, the most desired outcome.

There's also consensus about where businesses believe Open Banking could improve payment processes. Around a third (34%) said that the most persuasive argument for

the adoption of Open Banking was increased security and fraud prevention. This rises to 41% for financial services and 36% for professional services.

There are two other crucial issues that businesses identify when it comes to removing friction from payment processes: recurring payments and accurate data.





Recurring payments

Across the board, businesses say **the biggest hurdle their business faces when it comes to Open Banking is the inability to process recurring payments, with a quarter (25%) of all respondents identifying this common challenge.**

This requirement rises to an even higher level among financial services, of which 32% identify it as their main blocker to adopting the technology.

The introduction of cVRP to Open Banking will help address this concern for many: allowing businesses to collect regular, varying payments directly from a customer's bank account.

Financial institutions, energy, utilities, telecoms, transport, government and charities are already eligible for cVRP, having been identified as areas where consumer protection frameworks are already robust and flexible recurring payments are common.

The technology will open up to other industries including e-commerce and retail in 2027.

Accurate data

Almost all (99%) organisations agreed that access to consented customer transaction data, such as historic spending patterns and real-time balances, would add value to the business.

The most commonly cited benefit was increased efficiency and accuracy, with 18% of businesses saying that access to accurate customer financials would lead to improved data completeness and reliability at source, reducing errors and rework.

This rises to 23% of financial service respondents and 20% of transport respondents.

Open Banking data services offer direct, customer-consented read-only access to account activity. This reduces the cognitive load on consumers, removing manual keying, document upload and verification.

On the business side, it enables real-time access to income and expense history to strengthen customer identification and due diligence, and support affordability or vulnerability assessments.



25% of respondents identify the inability to process recurring payments as their biggest Open Banking hurdle - rising to 32% in financial services.



99% of organisations say access to customer-consented transaction data would add value to their business.



18% of businesses say accurate customer financial data would improve data completeness and reliability, reducing errors and rework.

Increasing consumer awareness

It's clear that there are some big opportunities to improve the utility of Open Banking for those businesses looking to deliver better customer experience.

Our recent e-commerce checkout research shows that, when the experience is recognisable and Pay by Bank is given a fair position at checkout, **almost one in two customers will select it.*** But customer appetite for an easier checkout experience is outstripping the availability of Open Banking services.

UK Open Banking payments grew 57% to 351 million in 2025, but account-to-account payments still represent only around 5% of UK ecommerce transactions. There's a gap between what consumers want, and what businesses are offering in terms of payment experiences.

With consumer adoption and awareness on the rise, thanks in part to the shift in industry language towards 'Pay by Bank', the businesses who win will be the ones who manage to transmute that awareness into strong customer service and trust, and who make Pay By Bank consistently available, recognisable and easy to choose.

*Source: NatWest Pay by Bank ecommerce checkout research, conducted by the internal Payit UX Research team, August 2026.

Methodology: Quantitative click-testing study among 1,017 UK participants. For the relevant finding, the base is n=623. Participants completed payment-method selection tasks across 16 ecommerce checkout variants and were subsequently asked whether they recognised the Open Banking journey.

Relevant finding: Participants who recognised the Open Banking journey (n=623) selected Pay by Bank in 47.16% of payment decisions, compared with 34.61% among participants who did not recognise the journey (n=307).

Limitations: Findings are based on a simulated ecommerce payment-method selection task across 16 screen variants rather than live transaction data and relate to payment-method selection within the study.

“Open Banking has come a long way, but the real opportunity now lies in making sure its benefits are felt more widely across the economy. Better access to secure, accurate and timely financial data can help businesses make better decisions, operate more efficiently and offer customers simpler, more relevant experiences.

“The findings in this report show that businesses recognise this potential, but there remains a gap between what Open Banking can offer and the experience of using it today. Closing that gap will require continued innovation from providers, alongside the right regulatory framework to build confidence among businesses and consumers.

“As awareness grows, the focus should be on making Open Banking work harder for businesses and their customers. Getting the balance of innovation, trust and consumer protection right will be key to unlocking the next stage of growth for Open Banking in the UK.”

Charlotte Crosswell,
Former Chair and Trustee,
Open Banking Ltd.



Conclusion

This year Open Banking has taken a significant step forward, from being largely unknown outside of specialist circles, to entering mainstream conversations about how and when payments happen, both amongst businesses and consumers.

There are clear signals that we have moved beyond awareness and must now clearly demonstrate that Open Banking payment experiences offer the security, speed and ease that businesses and their customers are looking for.

As we navigate this new stage of the Open Banking journey, a trusted reputation for good service will be increasingly important.

Payit by NatWest is backed by the UK's largest provider of banking, finance, and risk management services to

corporate and commercial customers. Our experience in delivering innovative payments technologies to businesses up and down the country has shown us the scale of the opportunity to level up Britain's payments landscape.

With new regulatory frameworks on the horizon to improve customer protections, and awareness at an all-time high, the future looks bright for Open Banking.





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Ready to explore Payit?

Whatever your business, Open Banking solutions from a trusted bank could be the key to reducing friction in your payment processes.

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

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

You 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.

