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# **A Pragmatic Hedge: The UK Moves Towards Payment Resilience**

**By**

**Ridipt Singh**



**25 March 2026**

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For information about Rosa&Roubini Associates, please send an email to [info@rosa-roubini-associates.com](mailto:info@rosa-roubini-associates.com) or call +44 (0)20 7101 0718.

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**Ridipt Singh**

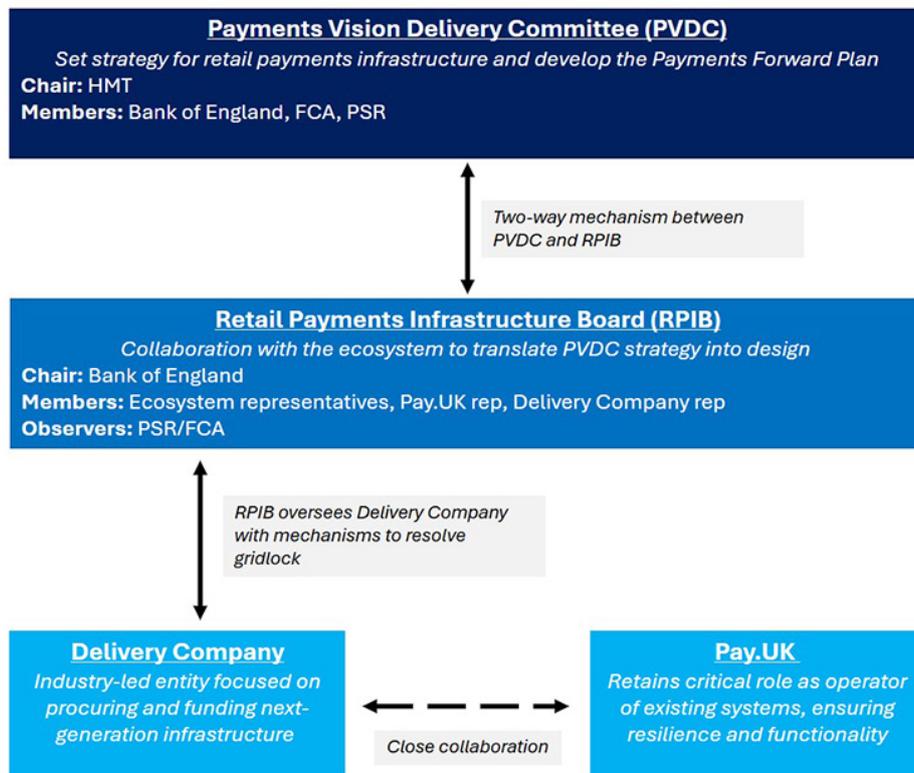
***A Pragmatic Hedge: The UK Moves Towards Payment Resilience***

**25 March 2026**

**Executive Summary**

- ✦ The UK is developing a domestic payments system (“DeliveryCo”) to reduce reliance on Visa and Mastercard and improve financial resilience.
- ✦ Around 95% of UK card payments are processed by Visa and Mastercard, creating significant dependency on foreign providers.
- ✦ This dependency partly stems from the 2016 sale of Vocalink (UK payment infrastructure) to Mastercard, which increased foreign control over core systems.
- ✦ While geopolitical risks (e.g. Russia sanctions, US tensions) highlight vulnerabilities, the initiative is framed as long-term structural reform, not a direct political response.
- ✦ The new system aims to enhance resilience and competition while still cooperating with Visa and Mastercard for interoperability and expertise.
- ✦ Planned for launch around 2030, success will depend on adoption, integration with existing systems, and seamless connection to global payment networks.

**Key Picture: The National Payments Vision: Governance and Delivery Model**



Source: [PSR](#)

## The UK's Push for a Domestic Payments System

The United Kingdom is advancing plans to establish a domestic payments system as a national alternative to the US giants - Visa and Mastercard.<sup>1</sup> In February 2026 top bank executives held their first meeting amid concerns over heavy reliance on foreign providers, which leaves the UK economy vulnerable especially during geopolitical tensions. These concerns are largely drawn from Russia's experience where firms heavily reliant on Visa and Mastercard faced vast disruption when their services were blocked in 2022 after Russia's invasion of Ukraine.<sup>2</sup> This has prompted the government to establish the Payments Vision Delivery Committee with the aim to "drive renewal of the UK's retail payments infrastructure".<sup>3</sup>

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The initiative referred to as DeliveryCo will be structured and financed by City funders, who will determine its legal framework, leadership and long-term funding.<sup>4</sup> The meeting chaired by Barclays UK Chief brought together these funders to coordinate support for the new scheme.<sup>5</sup> The funding group includes major banks and payment companies including Lloyds Banking Group, Link, NatWest, Santander UK and Coventry Building Society while the Bank of England is preparing the technical infrastructure blueprint, expected to be delivered next year.

The National Payments Vision, launched in November 2024 under Chancellor Rachel Reeves, set out a long-term strategy to modernised the UK's payment systems and infrastructure.<sup>6</sup> As part of implementation of this vision, DeliveryCo is being established as an industry-led entity to deliver upgraded retail payments infrastructure.

## UK's Payment Infrastructure Dependency Problem

Visa and Mastercard process card transactions globally, acting as intermediaries linking banks, merchants and consumers. The UK is heavily reliant on these two firms since 95% of UK's debit and credit card payments by value are handled by Visa and Mastercard.<sup>7</sup>

This dependency is an unintended result of a regulatory decision originally meant to increase competition. The UK had developed a sophisticated bank-to-bank payment infrastructure through the Faster Payments System, which allowed instant transfers directly between bank accounts and could potentially serve as a strong alternative to card-based payments. The infrastructure underpinning this system was operated by Vocalink, a company owned by major UK banks. In 2016, regulators concluded that bank ownership limited competition and required the banks to sell the company. Subsequently, Vocalink was acquired by Mastercard for less than £1 billion.<sup>8</sup>

While this move was meant to diversify ownership and fuel competition, it ended up giving Mastercard control over critical elements of the UK's payment infrastructure. Resultantly, a dominant company gained further influence over infrastructure that could have supported alternatives to card networks and ultimately left the UK more dependent on an international provider for core financial infrastructure.

## Structural Reform, Not a Geopolitical Response

While the need for alternative payment infrastructure was already in discussion for years, recent geopolitical tensions have aggravated concerns of dependency on foreign providers. Beyond concerns drawn from Russia's experience, US President Trump's hostile approach towards European and NATO partners is also being speculated as a major driver for these developments. However, UK regulators have not explicitly cited US tensions solely as a major driver for the UK's pursuit of their own payment rail and have always maintained that their motivation is to diversify rather than replace the incumbent networks.<sup>9</sup> Joe Garner, who advised Rachel Reeves' national payment strategy, even stressed that the decision is separate from any political developments.<sup>10</sup>

Understandably, the UK's situation forms a broader concentration risk issue. While the system is undoubtedly effective, the problem stems from it being too centralised. Here, it is also important to note that card schemes are just one layer of dependency and that the wider international financial system is also reliant on a limited

number of technology providers across infrastructure and services. Furthermore, this renewed emphasis on payment infrastructure resilience aligns with the goals originally framed in the UK's National Payments Vision which put forward the agenda of infrastructure modernisation as a crucial priority.<sup>11</sup> Hence, the UK's objective is not a response to the current geopolitical tensions but a genuine stride towards resilience.

More importantly, both Visa and Mastercard are part of the funders group and are actively contributing their expertise in certain areas including cyber and fraud risk management.<sup>12</sup> Visa has welcomed developments in account-to-account payments, noting that greater competition could enhance choice, innovation and economic growth, while Mastercard highlighted its long-standing investment in the UK market.<sup>13</sup> Bottom line, the UK is pursuing a pragmatic compromise – building a sovereign fallback while involving the networks it hedges against, ensuring the system balances interoperability with geopolitical risk.

### Future Outlook

Targeting to launch in 2030, the initiative remains in its foundational phase and real challenge lies ahead. The new system will have minimal impact on consumers in the near future, though new cards might be issued and recurring payments updated. The scheme would be funded by major banks, with retailers likely paying transaction fees that could be passed on to customers.<sup>14</sup>

DeliveryCo's objectives are framed around de-risking operational continuity and foreign dependencies. Here observers note that success is contingent on integration with existing systems and broad adoption by banks and merchants while lessons can be drawn from France's dual-rail system although structural challenges would still persist.<sup>15</sup>

Moreover, interoperability will be crucial since a domestic backup will only be valuable if it connects seamlessly to the global financial system, requiring technical coordination, adherence to global standards and ongoing collaboration with the very firms it is hedging against. Ultimately, DeliveryCo is a structural reform initiative, not a short-term fix.

## NOTES

<sup>1</sup> Kalyeena Makortoff, "UK bank bosses plan to set up Visa and Mastercard alternative amid Trump fears", The Guardian, 16 February 2026 <https://www.theguardian.com/business/2026/feb/16/uk-bank-bosses-plan-visa-mastercard-alternative>

<sup>2</sup> Nadeem Badshah, "Visa and Mastercard will both suspend operations in Russia", The Guardian, 5 March 2022 <https://www.theguardian.com/world/2022/mar/05/visa-and-mastercard-will-both-suspend-operations-in-russia>

<sup>3</sup> Michaela Twite, "Could the UK really move away from Visa and Mastercard?", SAGA, 24 February 2026 [https://www.saga.co.uk/money-news/could-the-uk-move-away-from-visa-and-mastercard?srsIid=AfmBOorAleqYUpLLOGrFxxeD7wUJZ-gHeYUAKQysFsdnYtujSi\\_RBJEd](https://www.saga.co.uk/money-news/could-the-uk-move-away-from-visa-and-mastercard?srsIid=AfmBOorAleqYUpLLOGrFxxeD7wUJZ-gHeYUAKQysFsdnYtujSi_RBJEd)

<sup>4</sup> FP News Desk, "UK bank chiefs consider setting alternatives to Visa and Mastercard amid Trump threats", Firstpost, 17 February 2026 <https://www.firstpost.com/world/uk-bank-chiefs-consider-setting-alternatives-to-visa-and-mastercard-amid-trump-threats-13980542.html>

<sup>5</sup> Kalyeena Makortoff, "UK bank bosses plan to set up Visa and Mastercard alternative amid Trump fears", The Guardian, 16 February 2026 <https://www.theguardian.com/business/2026/feb/16/uk-bank-bosses-plan-visa-mastercard-alternative>

<sup>6</sup> HM Treasury and Emma Reynolds MP, "National Payments Vision", GOV.UK, 14 November 2024 [https://www.gov.uk/government/publications/national-payments-vision?utm\\_source=chatgpt.com](https://www.gov.uk/government/publications/national-payments-vision?utm_source=chatgpt.com)

<sup>7</sup> "Market review of card scheme and processing fees", Payment System Regulator, March 2025 <https://www.psr.org.uk/media/sogjiv4/mr22-110-card-sp-fees-mr-final-report-publication-redacted-mar-2025-updated.pdf>

<sup>8</sup> "How the UK accidentally shackled itself to Mastercard", Financial Times, 19 February 2026 <https://www.ft.com/content/f436654c-aa8d-4a73-a1fc-2dd46abe48eb>

<sup>9</sup> Douglas Blakey, "Digital payments sovereignty: Industry responds to UK domestic card payments alternative", Retail Banker International, 18 February 2026 <https://www.retailbankerinternational.com/news/industry-responds-uk-domestic-card-payments-alternative/>

<sup>10</sup> FP News Desk, "UK bank chiefs consider setting alternatives to Visa and Mastercard amid Trump threats", Firstpost, 17 February 2026 <https://www.firstpost.com/world/uk-bank-chiefs-consider-setting-alternatives-to-visa-and-mastercard-amid-trump-threats-13980542.html>

<sup>11</sup> Douglas Blakey, "Digital payments sovereignty: Industry responds to UK domestic card payments alternative", Retail Banker International, 18 February 2026 <https://www.retailbankerinternational.com/news/industry-responds-uk-domestic-card-payments-alternative/>

<sup>12</sup> Kieran O'Connor, "UK payments upgrade not a Visa/Mastercard replacement, insiders say", Payment Expert, 17 February 2026 <https://paymentexpert.com/2026/02/17/uk-visa-mastercard-not-replace-plot/>

<sup>13</sup> Jonathan Easton, "UK banks move to build sovereign payments system as Trump threat sharpens focus", FS Tech, 17 February 2026 [https://www.fstech.co.uk/fst/UK\\_Banks\\_Move\\_To\\_Build\\_Sovereign\\_Payments\\_System.php](https://www.fstech.co.uk/fst/UK_Banks_Move_To_Build_Sovereign_Payments_System.php)

<sup>14</sup> <sup>14</sup> Michaela Twite, "Could the UK really move away from Visa and Mastercard?", SAGA, 24 February 2026 [https://www.saga.co.uk/money-news/could-the-uk-move-away-from-visa-and-mastercard?srsIid=AfmBOorAleqYUpLLOGrFxxeD7wUJZ-gHeYUAKQysFsdnYtujSi\\_RBJEd](https://www.saga.co.uk/money-news/could-the-uk-move-away-from-visa-and-mastercard?srsIid=AfmBOorAleqYUpLLOGrFxxeD7wUJZ-gHeYUAKQysFsdnYtujSi_RBJEd)

<sup>15</sup> Douglas Blakey, "Digital payments sovereignty: Industry responds to UK domestic card payments alternative", Retail Banker International, 18 February 2026 <https://www.retailbankerinternational.com/news/industry-responds-uk-domestic-card-payments-alternative/>