



Public Sector Payments Workstream

Terms of Reference

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1. Introduction and Background

The Payments Innovation Forum (PIF) is a not-for-profit trade association representing the payments industry. We work on behalf of our members to support sustainable growth, champion innovation, and share knowledge, insight and expertise to help shape a safer, smarter and more inclusive payments landscape.

The Public Sector Payments Workstream is one of four dedicated PIF workstreams, each focused on an area where the payments industry can drive meaningful, sector-wide improvement. This workstream specifically examines the design, delivery and performance of public sector disbursements across the UK. Its overarching objective is to promote payment methods that make these disbursements more secure, efficient and inclusive, taking into account the different needs and circumstances of those who rely on them.

This work takes place within the wider context of the UK's financial inclusion priorities¹ and the *National Payments Vision*². Central to both is the principle of **payment choice**: ensuring that as financial services continue to digitise, alternative and accessible payment options remain available so that no one is excluded from participating in the economy.

The scale of need across the UK underscores the importance of improving public sector payment design and delivery:

- **Unbanked and Cash-Reliant Households:**

The FCA reports that 900,000 people in the UK do not have access to a bank account (either a current account or an alternative e-money account), including 177,000 social housing tenants. Unbanked rates are highest among digitally excluded individuals, the unemployed, those who are long-term sick, and care providers. Around 2.6 million adults rely primarily on physical cash for everyday spending.

- **Lack of Standard Identification:**

An estimated 11 million people in the UK do not possess a standard form of ID, such as a passport or driving licence.

- **Financial Vulnerability and Low Financial Resilience:**

14.1 million people (including 3.8 million children) in the UK faced hunger in the last year, with 6.5 million people turning to charitable food providers³. A further 20.3 million adults are in financially vulnerable circumstances, and around 40% of UK adults could not cover an unexpected £1,000 expense.

- **Digital Exclusion:**

Around 1.7 million households are offline and almost 4.5 million adults do not own a smartphone. 11 million UK adults lack the essential digital skills needed to complete basic tasks such as setting up an email account.⁴

- **The Poverty Premium:**

Fair By Design estimates the cost of the poverty premium to a typical parliamentary constituency is £4.5 million per year, equivalent to £444 per year for a low income household.

- **Scale of Public Expenditure:**

In 2025-2026, the UK government is forecast to spend **£145 billion** on working age and children welfare, **£177.1 billion** on benefits for disabled people and those with health conditions, and **£37.3 billion** on housing support.⁵

¹ [Financial Inclusion Strategy - GOV.UK](#)

² [National Payments Vision - GOV.UK](#)

³ [Hunger in the UK 2025 | Trussell](#)

⁴ [Digital ID: What it means for the digitally excluded – Digital Poverty Alliance](#)

⁵ [Guidance and methodology: Benefit expenditure and caseload tables - GOV.UK](#)

Improving the efficiency, security and inclusivity of public sector payments is therefore essential, not only to advance national financial inclusion objectives, but also to strengthen transparency, accountability and value for money across public sector spending.

2. The Problem Statement

Government and public sector payments frequently fail to work at point of need, creating significant friction for both recipients and the public sector. This workstream is established to address several critical, intersecting systemic issues:

- **Legacy Systems:**
Vital funds disbursements, such as emergency crisis support and social care payments, are often slowed down by fragmented, legacy infrastructure that cannot adapt to urgent or real-time distribution needs.
- **Limited Visibility of Payment Solutions:**
Government departments and local authorities often have low visibility of the full range of payment solutions and technologies available to them. This includes new or alternative approaches that could improve security, efficiency or user experience, whilst better meeting the diverse needs and circumstances of different recipient groups. As a result, public sector organisations may default to suboptimal approaches, missing opportunities to modernise, reduce friction and support better outcomes.
- **Digital Exclusion:**
Rapid digital transformation across the financial services sector risks leaving behind many millions of individuals who lack consistent internet access, digital literacy, or access to mainstream banking services.
- **The Cash Paradox:**
For many individuals, cash payments are inherently right and necessary. Cash can empower recipients to prioritise their most urgent, immediate needs, reinforcing personal dignity and autonomy. For local authorities, however, relying on cash introduces risk. Once cash is issued, transactional visibility is lost, limiting opportunities to intervene if funds are diverted or misused. This makes it difficult to track outcomes, combat fraud, and measure whether critical support has successfully delivered against its intended purpose.
- **Complex and Acute Vulnerabilities:**
Individuals in need of public funds often present complex, overlapping needs (e.g., care leavers, those caught by the 'poverty premium', and households in crisis) that standardised, 'one-size-fits-all' payment solutions fail to accommodate.

3. Purpose

The primary purpose of this workstream is to address these ecosystem pain points and help drive measurable improvements in how public funds are disbursed across the UK. Initiated and led by PIF, the workstream serves as a neutral, collaborative platform to:

- Examine systemic challenges inherent in public sector payments infrastructure and processes.
- Bridge the gap between public sector bodies and the payments industry to strengthen mutual understanding of priorities, opportunities and challenges.
- Increase public sector visibility of solutions that optimise the distribution of public funds.
- Advocate for user-centred design and delivery that supports financial inclusion, safety and accessibility.

4. Objectives

The workstream aims to achieve the following outcomes:

- **Analyse and Identify**
 - Develop a comprehensive understanding of systemic pain points across the public sector payments ecosystem and identify opportunities for improvement.
- **Educate and Inform:**
 - Grow public sector awareness of new and alternative payment solutions and emerging industry trends.
 - Deepen industry understanding of recipient accessibility needs in the context of inclusive payment design and delivery.
 - Provide evidence-based insight to inform government strategy and policy development.
- **Promote Best Practice:**
 - Champion low-friction, secure methods for funds disbursement, drawing on domestic and international case studies to highlight proven methodologies that could strengthen UK public sector payment outcomes.



5. Scope

In Scope:

- Public sector disbursements across central and local government, devolved administrations and arm's length bodies.
- Payments made to individuals and households (e.g., welfare benefits, emergency crisis support, energy grants).
- Payment methods, technologies and supporting infrastructure (including cash and cash alternatives, gift vouchers including digital vouchers, prepaid card programmes, and fraud prevention)
- High-level recommendations where solutions are general in nature and not linked to any specific product, provider or solution.
- Macro payments industry trends, horizon-scanning and cross-sector knowledge sharing.

Out of Scope:

- Direct commercial engagement with the public sector regarding specific operational contracts or live programme delivery.
- Endorsement, promotion, or advocacy of any specific products, providers or commercial solutions.
- Lobbying beyond objective, evidence-based recommendations and educational data.



6. Core Activities

To deliver on its objectives, the workstream will undertake:

- PIF-led educational sessions, including briefings and roundtables designed to demonstrate how the payments industry can address disbursement pain points.
- Deep-dives into adjacent areas where the gap between payment delivery and recipient need is most acute, including but not limited to adult social care and children's services, the poverty premium and cost-of-living support.
- Thematic events, including panel sessions and networking.
- Evidence gathering to capture data and insights through external engagement and voluntary member contributions.
- Horizon-scanning to capture best practice, new and emerging payment solutions and areas for improvement.

- Representation at external events, including but not limited to public sector-hosted forums and regulatory roundtables.

7. Participation

Workstream activities are open to all PIF member organisations. Participation enables members to:

- Gain visibility into developments across the public sector payments ecosystem.
- Engage in high-level discussions on systemic challenges, specifically around accessibility and financial inclusion.
- Access and contribute to non-commercial, aggregated evidence bases and case studies.
- Take part in workstream events designed to support understanding of public sector priorities and end user outcomes
- Support sector-wide best practice aimed at improving outcomes for citizens and communities across the UK

8. External Engagement

To broaden perspectives and ensure a comprehensive and objective evidence base, the workstream invites insight from external, non-member organisations, including:

- Central government departments, local authorities and devolved administrations.
- Charities, NGOs, and civil-society organisations focused on financial inclusion, poverty alleviation, and consumer accessibility.
- Community action groups with direct insight into the lived experience of vulnerable and digitally disengaged consumers, including individuals with complex needs.
- Public sector procurement organisations.
- Academia, independent consultants and public policy think tanks.

9. Expected Outputs

The workstream's work will manifest as:

- Coordinated, objective responses to regulatory consultations and government calls for evidence.
- High-level recommendations, toolkits, and best practice signposting documents.
- Briefing notes, white papers, and educational resources highlighting domestic and international case studies.
- Presentations, panel discussions and summary event briefings.

10. Governance & Reporting

- The workstream operates under the direction and oversight of the PIF Board to ensure alignment with PIF's broader objectives and competition law guidelines.
- Workstream meetings and events will be chaired by a PIF-appointed representative acting in the interests of the workstream and its established purpose.
- The workstream will pull expertise and output from adjacent PIF workstreams and working groups, notably PIF's Legal & Regulatory Working Group, and specialist workstreams covering AI and agentic commerce, B2B and cross-border payments.
- Sub-groups may be established on an ad-hoc basis to execute specific time-bound deliverables.
- Meeting recaps and finalised outputs will be documented and shared with the broader PIF membership.

11. Duration & Review

The workstream will operate on a rolling annual basis. Its core objectives, scope, and delivery priorities will be reviewed by the PIF Board each year to ensure continued relevance and alignment with PIF's strategic objectives.

12. Competition Law Compliance

All workstream events and activities will strictly comply with competition law rules and the supplementary measures set out in the [PIF Competition Law Guidelines](#). Competition law prohibits agreements between companies and decisions by associations of companies which have as their aim or effect a restriction or distortion of competition. PIF expressly prohibits any discussion or shared material that could distort market competition or influence commercial behaviour. The following applies to all workstream meetings and activities held on PIF's premises or under its auspices:

Members must NOT engage in or facilitate any disclosure, discussion or agreement between member companies to:

- Fix the prices of products or conditions of sale.
- Limit the supply of any product reaching the market.
- Divide up the market or sources of supply and demand, in any way.
- Blacklist or boycott customers, competitors or suppliers.
- Bid or not to bid for a tender or other agreement, or to agree the price or terms of any such bid.

Members must NOT disclose or have or facilitate any formal/informal information exchanges between competitor companies on any of the below:

- Individual company prices, costs, supply and production, or terms of sale.
- Pricing policies or price levels (including discounts).
- Other current or proposed terms of trade.
- Information about further plans of any company.
- Matters relating to individual suppliers or customers.
- Strategy in relation to, or responses in respect of tenders or other contracts.
- Any other matter which would generally be regarded as confidential to a company, or the disclosure of which could reduce uncertainty in the market, or result in coordinated market conduct by members.

Operating Principles:

- Participation in workstream events and activities must remain transparent, open and accessible by all PIF member organisations.
- Agendas will be circulated in advance of any meeting or event, alongside a reference to PIF and PIF members' obligations under competition law rules.
- Only presentation materials and case studies containing publicly available or strictly non-commercially sensitive information may be shared. All presentation decks will be pre-screened by PIF before delivery.
- Market benchmarking is allowed provided the data is aggregated and presented in an anonymous format. Direct provider-to-provider comparisons are strictly prohibited.
- All contributions to workstream activities, events and recommendations are entirely voluntary.