

UK fintech backed to embrace future payments technology

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The UK's payments sector is to be equipped for the future of rapid financial innovation through a new package announced today during Fintech Week in London.

- New package of measures announced to boost Britain's competitive edge and modernise payments services regulation
- New Wholesale Digital Markets Champion appointed to drive adoption of tokenised digital assets - financial assets represented as digital tokens on a blockchain
- City Minister to attend Fintech Week to promote package and cement UK as world leader in fintech

The UK's payments sector is to be equipped for the future of rapid financial innovation through a new package announced today during Fintech Week in London.

The measures will help the UK remain at the cutting edge by promoting innovation and trust within the payments sector to drive growth. This means delivering a more agile and streamlined regulatory framework and ensuring regulation can keep pace with rapid technological change whilst maintaining strong consumer protections.

City Minister Lucy Rigby will attend events during Fintech Week to promote the government's efforts in maintaining the UK as the leading destination for fintechs to start, scale and succeed. The full package includes:

- The government is today setting out further detail on how the government intends to modernise payment services regulation and update it to support new innovations in money and payments, ahead of soon publishing a consultation inviting the payments sector to feedback. This includes:
 - Improving the regulation of payment services and electronic money by integrating it with the UK's core regulatory approach for financial services. This will mean establishing a single, coherent framework for both traditional and tokenised payments, including both stablecoins and tokenised deposits.
 - Regulating stablecoins for their use in payments, where these stablecoins have been issued under the forthcoming new regulated activity for stablecoin issuance in the UK.
 - Exploring how the regulation of payments services should adapt to payments conducted by AI agents.
 - Providing the FCA with new powers to regulate the future of Open Banking that will include underpinning the development of new Open Banking payments within commercial schemes.
- Bringing forward legislation to cut administrative burdens for companies wanting to provide stablecoin payments, cementing the UK as a world-leading destination for digital assets while maintaining safeguards.
- The appointment of Chris Woolard CBE as the government's new Wholesale Digital Markets Champion. Woolard is a partner at EY and former interim CEO of the FCA. He will lead the government's work to deliver a more efficient and competitive financial sector by building a tokenised wholesale financial markets system.
- An additional £1 million in funding for the Centre for Finance, Innovation and Technology

(CFIT) from April to continue the Centre's work facilitating collaboration and solving pressing issues across the Fintech sector.

- Streamlining regulation by setting out the government's response to its consultation to bring the Payments Systems Regulator (PSR) into the Financial Conduct Authority (FCA)

Economic Secretary to the Treasury, Lucy Rigby, said:

Fintech is true British success story, and we are backing the industry to maintain its competitive edge and go even further and faster in driving growth.

Today's package is our latest stake in the ground as we build a payments ecosystem that is secure, competitive and fully equipped to harness the opportunities created by rapid technological change.

I also welcome our new Wholesale Digital Markets Champion, Chris Woolard CBE, who will help the government drive tokenisation in our markets - a critical shift for the next "digital big bang" for the UK sector.

Chris Woolard CBE, Wholesale Digital Markets Champion, said:

It's an honour to be appointed Digital Markets Champion for the UK's Wholesale Financial Markets Digital Strategy. As financial markets increasingly move away from manual processes to digital, tokenised systems, collaboration and an open two-way dialogue between the private and public sectors will best support the Strategy's success, and will ultimately enhance the UK's global competitiveness as a leader in digital markets.

UK fintech benefits from Britain's world leading financial services sector offering a thriving start-up ecosystem, global banks and insurers, leading universities, and a regulator that engages with innovation early so firms can test, learn and scale responsibly.

Over 3,000 fintech firms support tens of thousands of skilled jobs across the country, attracting over £2.6 billion in investment last year that is second only to the United States.

The government recognises the transformative potential of digital assets and blockchain technologies. These developments have the potential to fundamentally reshape how consumers and businesses interact with financial services, and the UK is well placed to be at the forefront of that transformation.

We will soon consult on how to reform the regulation of payment services and electronic money, ensuring the framework is ready to support tokenised payments such as stablecoins, unlock the full potential of Open Banking, and explore how to enable the safe adoption of AI agents to conduct payments on behalf of consumers and businesses

Through the Financial Services Growth and Competitiveness Strategy, known as the Leeds Reforms, announced last summer as part of the Chancellor's Mansion House speech, the government set out its ten-year plan for the UK to be the world's centre of choice for financial services investment over the next ten years. These reforms included measures to streamline the regulatory environment and

make the UK the best place for fintechs to start, scale, list, and stay.

Stakeholder quotes:

Janine Hirt, CEO, Innovate Finance said:

The UK has all the ingredients to be a global superpower in fintech, payments and capital markets by leading in open banking, digital assets and stablecoin, and agentic AI. Unleashing innovators and championing transformation in markets is critical. We look forward to mobilising industry to work with Chris Woolard, Government and regulators to drive this strategic ambition and deliver at pace.

Philip Belamant, Co-Founder and CEO, Zilch said:

AI will fundamentally change how people interact with money, shifting payments from something consumers actively manage to something that is intelligently managed and optimised in the background. As this becomes a reality, it's critical that regulation evolves to support innovation while maintaining strong consumer protections.

We welcome the government's focus on adapting payment regulation for AI-driven transactions. The UK has a real opportunity to lead globally in enabling agentic finance, helping consumers benefit from smarter, more efficient ways to manage their money.

Further information

- Since the publication of the Leeds Reforms in July, the government has delivered on the strategy, including by:
 - Launching the Office for Investment: Financial Services, a dedicated concierge service for international financial services firms seeking to establish or grow their presence within the UK.
 - Launching the joint FCA and PRA Scale-Up Unit, which will make it simpler for scaling firms to get timely responses and expert support.
 - Commissioning the Financial Services Skills Commission to produce a report on disruptive technologies and skills needs.
 - Appointing Financial Services AI Champions, who will help the government to focus on ensuring firms can seize the opportunities AI presents - boosting productivity and competitiveness, and maintain trust, resilience and strong consumer protection - while reinforcing the UK's position as a global hub for financial services, technology and investment.
- HMT also published its Wholesale Financial Markets Digital Strategy in July. This set a strategic vision for digitalising the UK's markets, particularly by adopting tokenisation, and announced that we would appoint a Wholesale Digital Markets Champion to drive the sector's work to do this.
- HMT published its National Payments Vision in November 2024 and its ambition for a trusted, world-leading payments ecosystem delivered on next generation technology, where consumers and businesses have a choice of payment methods to meet their needs.
- At the start of this year the government legislated to create an internationally competitive financial services regulatory regime for cryptoassets, including stablecoin, which is giving firms the certainty they need to invest and grow in the UK

- As Champion, Chris Woolard will be tasked with providing market leadership and supporting industry progress on the development of a tokenised wholesale financial markets ecosystem. He will also provide leadership to co-ordinate the sector's implementation of the Wholesale Financial Markets Digital Strategy.

<https://www.gov.uk/government/news/uk-fintech-backed-to-embrace-future-payments-technology>