Upgrading UK's Ageing Payments Infrastructure to Boost UK GDP by $3.8bn by 2026 – ACI Worldwide and Cebr report

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- *Real-time payments are forecast to add $3.8bn to UK GDP by 2026 (0.11% of formal UK GDP) according to a study by ACI Worldwide and the Centre for Economics and Business Research (Cebr)*
- *The 'untapped potential' of real-time payments in the UK is much higher. Cebr's economic impact study reveals that the theoretical impact of all UK payments being real-time would boost the country's GDP by up to 2.7%*
- *The UK lags the developing world in real-time payments growth and associated economic benefits due to the UK's ageing payments infrastructure*
- *UK financial institutions are being urged to get behind the 'New Payments Architecture" modernisation programme or risk falling even further behind the rest of the world*

LONDON--(BUSINESS WIRE)--Sep. 1, 2022-- Upgrading the UK's ageing payments infrastructure and increasing real-time payments adoption are forecast to boost the UK economy by $3.8 billion – 0.11% of formal GDP – by 2026, according to a new study published by ACI Worldwide, (NASDAQ: ACIW), Global Data, and the Centre for Economics and Business Research (Cebr).

According to the Cebr, the 'untapped potential' of real-time payments in the UK is enormous – the theoretical impact of all payments being real-time could boost the UK's economy by up to $98.0 billion in 2026, or 2.7% annually.

The findings come after the latest UK GDP figures from the Office for National Statistics continue to show sluggish output for the UK economy in 2022 and follow recent IMF forecasts suggesting the UK is set to have the weakest growth in the G7 next year.

The research highlights the importance of the UK 'New Payments Architecture' programme which will bring sweeping changes to the UK's payments infrastructure over the next 5 years with the aim to enable more innovation and foster competition among UK financial services providers. Led by Pay.UK, NPA is seeking to modernise the UK's legacy payment infrastructure by delivering real time account-to-account payments that provide consumers with more choice and newer, innovative payments options over more traditional payment types such as cards.

Although real-time account-to-account payments continue to grow in the UK - the number of payments processed by Faster Payments (FPS) increased by 23% to 3.6 billion in 2021 – the research shows that growth rates for real-time transactions are higher in many other countries, mainly due to the popularity of new digital overlay services built on real-time rail which have enjoyed rapid adoption among consumers and businesses. Therefore, many emerging and developing countries are leapfrogging the UK to reap the full economic benefits that real-time account-to account payments bring.

ACI's Prime Time for Real-Time report, co-authored with Global Data, a leading global data and analytics company, includes the most comprehensive economic impact study to date and highlights a clear correlation between real-time payments adoption and economic growth.

Key Findings include:

- The U.K. recorded 3.4 billion real-time transactions in 2021 which resulted in an estimated cost savings of $950 million for businesses and consumers. This in turn helped to unlock $3.2 billion of additional economic output, representing 0.10% of UK GDP.
- Based on 2026 real-time adoption rates (growth to 12.3% of all payments), real-time payments are predicted to unlock a total transaction value of $40.8 billion per day, with this working capital facilitating an estimated $861 million of business output
- Ultimately, the forecasted macroeconomic benefits in 2026 are estimated to be $3.8 billion of additional economic output – or the equivalent output of over 38,000 jobs.
- Globally, the UK lags the developing world in real-time payments growth and its associated economic benefits – for example India and Brazil are forecast to add $45.9 billion (1.12%) and $37.6 billion (2.08%) billion of additional GDP respectively - facilitated by strong real-time payments growth - by 2026

"By enabling money to transfer between parties within seconds rather than days, real-time payments can significantly improve overall market efficiencies in the UK economy and play an important role in helping facilitate growth," said **Owen Good, Head of Economic Advisory at the Centre for Economics and Business Research.** "Real-time payments improve liquidity in the financial system and therefore act as a catalyst for economic growth. Our theoretical modelling suggests the impact of all payments being real-time could add 2.7% to formal GDP by 2026. However, this by no means suggests there is not a place for non-instant electronic payments or paper-based cash payments in the future."

"Real-time payments are at the heart of the new global payments landscape and have the potential to play a key role in unlocking economic growth. As it stands, emerging countries are leading the way and are outpacing developed nations in real-time adoption, growth, and the associated economic benefits. This is largely down to the agility and flexibility of the modernised payments infrastructure in those countries and the new, innovative payments services that are being offered to consumers and businesses because of it," commented **Craig Ramsey, Head of Real-Time Payments at ACI Worldwide.** "If the UK is to truly capitalise on the potential economic benefits of real-time payments over the coming years, then it must address the urgent need to modernise its ageing payments infrastructure and embrace the New Payments Architecture with open arms. The onus is on government and industry to work together to increase adoption, otherwise, despite the head start by the Faster Payment system, the UK risks falling even further behind the rest of the world."

Figure 1: UK Spotlight

Country	UK Real-time transactions 2021 (actual)	UK Real-time transactions 2026 (Forecast)	UK CAGR 2021-26 (Forecast)	UK Projected additional economic output (GDP) by 2026
UK	$3.4bn	$5.8bn	11.1%	**$3.8bn**

Figure 2: Top five real-time payment transaction volumes in 2021

Country	Real-time transactions 2021 (actual)	Real-time transactions 2026 (Forecast)	CAGR 2021-26 (Forecast)	Projected additional economic output (GDP) by 2026
India	$48.6bn	$206.2bn	33.5%	**$45.9bn**
China	$18.5bn	$31.3bn	11.1%	**$27.5bn**
Thailand	$9.7bn	$25.7bn	21.5%	**$13.4bn**
Brazil	$8.7bn	$82.4bn	56.8%	**$37.6bn**
South Korea	$7.3bn	$11.3bn	9%	**$6.7bn**

Figure 3: Top-five fastest-growing real-time markets

Country	CAGR 2021-26 (Forecast)
Brazil	56.8%
Oman	41.0%
India	33.5%
Philippines	31.7%
Malaysia	26.9%

Notes to Editors:

About ACI Worldwide
ACI Worldwide is a global leader in mission-critical, real-time payments software. Our proven, secure and scalable software solutions enable leading corporations, fintechs and financial disruptors to process and manage digital payments, power omni-commerce payments, present and process bill payments, and manage fraud and risk. We combine our global footprint with a local presence to drive the real-time digital transformation of payments and commerce.

About Cebr
For more than 25 years, the Centre for Economics and Business Research (Cebr) has supplied independent economic forecasting and analysis to hundreds of private firms and public organizations. Our Economic Advisory specializes in economic impact assessments, having advised several government departments, as well as FTSE and multi-national firms, on a range of topics. Cebr's Forecasting team delivers award-winning forecasts of the U.K. and global economies, helping our clients stay ahead of the game in anticipating future economic developments.

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