

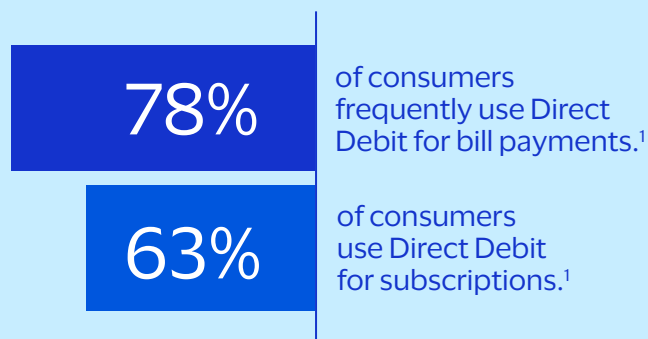
Rethinking recurring payments:

Insights from our Voice
of Consumer research



Let's take recurring payments to the next level

Payments have evolved dramatically in the past decade. Mobile wallets and biometric authentication, for example, have made one-off payments faster, smarter, and more secure. Yet, when it comes to recurring payments – the transactions that power everyday life, from bills to mortgage payments – the experience hasn't evolved to meet modern expectations.



However, our UK research has shown that

1 in 3

consumers are not satisfied with the payment options available when paying bills.¹

1 in 2

Gen Z consumers aren't happy with their bill payment options.¹

For payer financial institutions (FIs) and merchants, the situation is even more challenging. Failed transactions, inefficient collection processes, high operational costs, and high customer churn may mean recurring payments often create friction rather than value.

So, how do we close the gap between expectation and reality

Direct Debit has long been the default for recurring payments. Designed over 50 years ago, it was built to be reliable – but also rigid.

When this system was created, the acceleration and adoption of mobile banking, digital payments and AI in recent years were unimaginable.

£348bn

projected digital payment transaction value in the UK for 2025.²

20%

annual growth of digital payments expected over the next 4 years.²

While Direct Debit remains widely used, it's no longer meeting expectations, particularly among younger digital-first audiences. Gen Z is leading the shift – and they're looking for more. More control and more transparency, all without compromising on security.

We see three key areas to focus on in bridging the gap:

1 Consumers expect more control, transparency and ease – but aren't getting it

We already know Direct Debit was designed in a time when “set and forget” was a convenient feature, not a flaw. But today, consumers want more say over their payments: when and how they're made, advanced notice before funds are deducted, and the ability to modify or cancel without jumping through hoops. If the consumer is unaware the payment is being taken, it may result in an unauthorised overdraft, incurring charges and interest.

The user experience needs to be better...



1 in 5 Gen Z consumers in the UK have abandoned recurring purchases due to poor payment experiences.¹

49%

of UK consumers have had a negative experience paying bills via Direct Debit – citing unexpected charges, difficulty cancelling, and poor visibility.¹

They expect advanced notifications, spending controls, and flexible scheduling – payments that are intuitive, transparent, and easy-to-manage.

2 Consumers are unclear on protections

Consumers value protection and security in their payment methods, but many don't fully understand what safeguards exist today. While the Direct Debit Guarantee promises refunds for errors, only 42% of Millennials and just 33% of Gen Z in the UK claim to understand how it works or what it covers.¹

These consumers often worry about their ability to recover funds or cancel a payment in time, which adds to any hesitation they may have in using recurring payments. When protections are unclear, confidence in recurring payments weakens. Consumers need to feel that their money is safe, and disputes will be resolved quickly and fairly – without additional stress.



3 Payment failures are becoming more common – creating anxiety and costs

Failed payments are becoming more frequent in the UK, with the direct debit failure rate increasing year-on-year – sitting at an average of 2.25% per month.³ For consumers, this can mean service disruptions, unexpected fees, and mounting anxiety.

18% of Gen Z have already experienced a failed payment.¹

£25 in additional fees can be incurred for each missed payment.⁵

For merchants, the fallout is just as costly – failed payments can lead to operational inefficiencies, higher churn, and increased customer service demands.

➤ Businesses spend up to 15% of the payment value trying to recover a failed payment.⁴

➤ And they often see up to 15% of their failed payments turn into bad debt.⁴

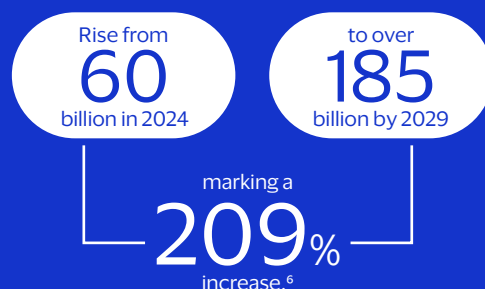
Whether due to insufficient funds or processing issues, when payments fail, the impact is felt by everyone.

Consumers need greater transparency and the ability to address errors before they lead to financial repercussions.

Recurring payments need an upgrade – is A2A the answer?

While Direct Debit has been a longstanding and trusted solution, the wider payments industry has been evolving – bringing new innovations. Faster Payments and Open Banking enabled account-to-account (A2A) payments have transformed how money moves, offering consumers speed and control from their trusted bank – two of the top payment priorities for UK consumers beyond security.¹ As a result, many consumers already use A2A for one-off payments, peer-to-peer transfers, and business transactions. A2A payments in the UK are projected to rise from:

A2A payments in the UK are forecast to:



But despite this growth, A2A hasn't yet been optimised – especially for recurring payments. This is the next frontier. To build on the strengths of Direct Debit, A2A must evolve to deliver a better experience for recurring transactions.

What the future of recurring payments should look like



More control for consumers

Empower consumers with greater control over their payments. From notifications before funds are deducted to adjustable payment schedules, the ideal solution gives users the tools to align payments with their cash flow, pause or modify subscriptions, and set limits – all directly from their banking app. This level of control isn't just a convenience; it's a key driver of trust and satisfaction. While these features would be provided by payment initiators and merchants, an advanced A2A framework with the option to enable these core capabilities can help facilitate a more transparent and flexible payment experience.



A user experience built for the digital age

Deliver a digital-first experience that resonates with today's consumers, particularly younger generations. Payments are no longer invisible or "set and forget." Instead, a future-looking solution allows for pre-payment and post-payment notifications, intuitive interfaces, centralised dashboards and seamless cancellation and modification flows – features that modern users expect from their financial tools. This isn't just an improvement; it's a complete reimagining of recurring payments for the digital-first world.



Enhanced trust and foundational protections

Built-in consumer protections, with dispute resolution processes that are clear, efficient, and similar to card payments. Consumers need to know their funds are safe – and payer FIs and merchants can reduce the operational friction that comes with disputes or failed payments.



A scalable solution for payer FIs and merchants

For businesses, the ideal solution goes beyond consumer benefits to deliver operational efficiencies. By reducing failed payments through real-time balance checks and a foundation for automated retries, payment success rates are improved and cash flow for merchants is streamlined. Payer FIs, in turn, can offer a premium payment solution that helps them stand out in a competitive landscape while meeting the expectations of digital-first customers.



This is exactly what Visa A2A enables

A next-generation account-to-account payment solution designed to enhance recurring payments – making them simpler and more reliable for all parties – while also delivering consumers greater control, security, protection, and transparency.

Don't just take our word for it...

Consumers have already responded positively to recurring payment features such as enhanced control, transparency, and budgeting, all of which can be enabled by Visa A2A.⁷

“

I'm loving it! I like the fact that you can manage it yourself, you get notified, you can control the amounts.

”

“

I like the notification that a payment is coming out of the bank. I'm organised, but it's good to know if you forget, like a reminder.

”

“

It just helps with budgeting, with knowing what's going on – keeping things top of mind.

”



So, what are you waiting for?

As the industry moves toward flexible, intelligent, account-to-account transactions, those who embrace premium A2A experiences for recurring payments will lead the market.

The question isn't if recurring payments will change – it's who will lead the change?

Get in touch now at VisaA2A@visa.com.

1. The consumer opportunity for Visa A2A payments, Basis Research commissioned by Visa, 2024 (Base respondents n=4581, UK General Population)
2. Digital Payments - United Kingdom, Statista, 2024
3. The Hidden Cost of Payment Failures and How to Solve Them, Northey Point Limited, 2025
4. Forrester Consulting, Rethink Your Payment Strategy to Save Your Customers and Bottom Line. November 2020.
5. Direct Debit Charges and How to Avoid Them, Compare UK Quotes, 2019
6. Juniper Global A2A Payments 2024 – 2029 marketing trends strategies, 2024
7. The consumer opportunity for Visa A2A payments, Basis Research commissioned by Visa, 2024 (Methodology: 20x online IDIs (60 mins) discussing payment method choices, decision-making factors, the pros/cons of various). Based on in-depth consumer interviews on a sample UX flow of how a Payment Initiator would offer Visa A2A payments