

Transforming *UK tax payment* process for millions of citizens

Capgemini partners with HMRC and its Open Banking partner, Ecospend, a Trustly company, to develop a new tax refund service that improves security, reduces costs, and enhances the user experience.

HM Revenue and Customs (HMRC) is the UK's tax, payments, and customs authority and ensures the correct tax is paid to support public services while helping families and individuals with targeted financial support.

The department's vision is to be a modern, trusted tax and customs authority. To achieve this goal, HMRC set out to harness technology that enhances the user experience for its customers. When the department saw an opportunity to use its Open Banking infrastructure to improve security, reduce costs, and improve the user experience for millions receiving tax refunds each year, it partnered with Capgemini and its Open Banking partner, Ecospend, to develop a ground-breaking Account Information Service (AIS)-based solution.

Client: HM Revenue and Customs (HMRC)

Region: UK

Industry: Public Sector

Client Challenges:

HMRC wanted to provide a fast, secure, easy-to-use online service to encourage users to receive tax refund payments directly into their bank accounts without disrupting the traditional printing process.

Solution:

Capgemini worked closely with several HMRC teams and Ecospend to deliver the department's first use of Account Information Service (AIS) functionality, built using HMRC's world-leading Open Banking integration.

Benefits:

- Fast, secure, direct bank transfer of tax refunds
- Shorter payment time for users
- Improved customer satisfaction



Reducing the need for millions of printed cheques each year

HMRC customers receive a tax calculation letter, known as a P800, if they are due to receive a refund (or have underpaid).

Historically, if those due a refund did not respond or were unable to access their HMRC online tax account, a cheque would be generated automatically and sent via post. On average, more than four million cheques would be dispatched each year. For customers themselves, those qualifying for a refund could wait up to six weeks for a cheque to arrive.

HMRC asked Capgemini and Ecospend to develop a simple and secure online service to encourage and enable more customers to process refunds directly into their bank accounts. To accommodate the wide-ranging customer base and maintain a focus on accessibility, it was vital that the option to receive a printed cheque was also maintained, for those who prefer this.

Fast, secure and direct

Getting the design right and building trust with customers was key. Capgemini conducted a thorough research and user testing program to ensure that the needs of all taxpaying customers were considered in the solution design.

Sessions were held with those who already used digital services confidently and those requiring more support and reassurance to move online comfortably. Their collective feedback informed fine tuning of the new service's features and functionality to ensure it was accessible, easy to use, and secure.

The online solution, built using HMRC's world-leading Open Banking integration, provides a series of easy-to-follow screens that offer customers options to complete the refund process without needing to log in to an HMRC account.

For those selecting the bank transfer option, customers securely enter their unique customer information, and an API checks this data is correct and matches.

The customer then selects their preferred bank and is directed to the online banking journey, where, following completion of additional automated security cheques, the refund is processed. The customer will then see a confirmation page on the HMRC website.

Capgemini partnered with Ecospend and multiple HMRC teams, including Payments, Cybersecurity and IT, to build Account Information Service (AIS) functionality into the streamlined solution, a first for the department. AIS instantly and confidentially supports the verification of the customer's identity through synergistic and interdependent processes, performing background security checks before approving the direct transfer of the refund into the recipient account.

Transformational results

The result was an award-winning simple, secure and cost-effective online service that features live data verification and enables customers to embrace digital technology to process tax refunds directly into their bank accounts. By making it easier to select preferences and shift from cheques to secure bank transfers, the service has helped to significantly speed up the process for customers and mitigate the need to manually print thousands of cheques.

The new tax refund service has delivered remarkable results, with cheques no longer automatically dispatched, unless proactively requested. In the first eight months of use:

- Bank transfers significantly increased the speed of payments to the customer, reducing the wait from up to six weeks to completion within five days
- 85% of customers said they were satisfied or very satisfied with the online service

AIS offers a more streamlined customer experience that supports HMRC's commitment to making interactions with the department easier. As the first implementation of AIS Open Banking in HMRC, this successful collaboration paves the way for broader application across other services in the future.

This project was also a double winner at the HMRC People Awards 2024, receiving accolades for 'Innovation of the year' as well as the 'Permanent Secretaries' Award' as chosen by the First and Second Permanent Secretaries respectively, namely Jim Harra (Chief Executive of HMRC) and Angela MacDonald (Deputy Chief Executive of HMRC).

As the organisations continue their collaboration, Capgemini will support HMRC's transformational journey as the department strives to become a world-leader in making tax digital.

About Capgemini

Capgemini is a global business and technology transformation partner, helping organizations to accelerate their dual transition to a digital and sustainable world, while creating tangible impact for enterprises and society. It is a responsible and diverse group of 340,000 team members in more than 50 countries. With its strong over 55-year heritage, Capgemini is trusted by its clients to unlock the value of technology to address the entire breadth of their business needs. It delivers end-to-end services and solutions leveraging strengths from strategy and design to engineering, all fueled by its market leading capabilities in AI, generative AI, cloud and data, combined with its deep industry expertise and partner ecosystem. The Group reported 2024 global revenues of €22.1 billion.

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