

A woman with long dark hair and glasses is sitting at a desk in a modern office. She is wearing a grey sweater and is looking at her smartphone. A laptop is open in front of her. The background shows a large window with a view of a city at night. A blue line graphic is overlaid on the image, starting from the Capgemini logo and curving around the woman.

HMRC BECOMES THE FIRST TAX AUTHORITY IN THE WORLD TO LAUNCH OPEN BANKING PAYMENTS

HMRC, with support from Capgemini, develops a "Pay by bank account" service, enabling individuals and businesses to pay taxes directly from their own accounts to HMRC, eliminating costly card charges

HM Revenue and Customs (HMRC) is the UK's tax, payments, and customs authority. In that role it collects the money that pays for public services and helps families and individuals with targeted financial support.

The department is leading the way in the public sector's adoption of Open Banking, a key UK government initiative to increase competition in retail banking by taking advantage of the market-leading expertise of the financial technology sector. It enables consumers to initiate payments, digitally and directly from their bank payment accounts without the use of cards.

Overview

Customer: HMRC

Industry: Public Sector

Region: UK

Client Challenge:

HMRC wanted to improve the certainty of arrival, security, and cost efficiency of tax payments made by UK consumers and businesses

Solution:

Capgemini worked with HMRC and its other suppliers to deliver the world's first public sector Open Banking payment initiation system, enabling payments to be made directly from bank payment accounts to payee bank accounts without the use of cards

Benefits:

- Greater certainty, convenience, and peace of mind for taxpayers
- Significant cost savings for HMRC through the elimination of card payment charges
- Efficiency and productivity improvements
- Major reduction in payment

Comprehensive testing informs user-centric design

In collaboration with Capgemini experts, HMRC began to explore Open Banking as part of its payments strategy.

After initial discussions to understand such an approach and its potential for HMRC, Capgemini worked as part of a joint team to research and validate concepts, design, and test prototype user journeys with end users, and develop technical proofs of concept.

Enabling a streamlined and more direct tax payment mechanism between taxpayer and tax authority, improving payment accuracy, and minimizing error resolution and payment processing costs were key goals for HMRC from the outset.

To ensure that users were at the center of the solution design, Capgemini conducted multiple rounds of research interviews and user testing with taxpayers from different industries and tax regimes, including employed and self-employed, those with small and large tax bills, and those who pay regularly or just once a year.

The outcome was positive and constructive feedback that enabled the team to build in numerous refinements, add value, aid usability, and confirm the solution design. Additionally, user testing was key to determining the new payment method's name.

Capgemini supported HMRC in its selection of the payment software provider before managing the build of the end-to-end solution that was completed in just three months thanks to excellent collaborative team working. Ongoing monitoring of the solution by Capgemini continues to ensure a steady flow of improvements and refinements.

Delivering payment certainty and substantial cost savings

In 2021, HMRC became the first tax authority in the world to fully integrate Open Banking into its systems when it launched its payment initiation services, enabling individuals and businesses to pay across a range of taxes, without the need for card providers.

The collaborative effort between HMRC, Capgemini and other suppliers, has benefited the department and taxpayers alike. With the Open Banking solution, the payment reference number, which HMRC uses to match payments to the right person or business, is automatically populated in its online payment form, and passed securely to the payer's bank.

Paying taxes using Open Banking significantly reduces the risk of payments being misallocated to the wrong account, the resolution of which can be time consuming and costly for both the payer and the payee. The certainty provided by Open Banking delivers savings, efficiencies, and peace of mind for both parties, as the time saved by minimizing errors can be spent on higher value tasks.

In addition, outside the Open Banking ecosystem, the merchant – in this case HMRC – incurs a charge each time an individual payment is made using a credit or debit card, which can add up to a substantial annual figure for large merchant organizations receiving millions of payments each year.

On March 24th, 2021, the very first tax payment by Open Banking was made. Just 10 months after the launch of 'Pay





by bank account' more than one million payments had been made, worth more than £3 billion.

It is estimated that half of the UK's small businesses and over four million individuals are now using services powered by Open Banking technology, figures that are set to rise as awareness increases.

Simon Lyons is the former Head of Ecosystem Engagement at the Open Banking Implementation Entity (OBIE), the independent organization set up by the Government's Competition and Markets Authority (CMA), to implement and oversee Open Banking in the UK.

"Open Banking gives customers the option to have their payment details prepopulated from their bank account, letting them pay more quickly and reducing the risk of them making a mistake," explains Lyons. "Implementing the new system so quickly was a great piece of teamwork between the Open Banking supplier and the digital delivery, payments and commercial teams."



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