TAPPING INTO TROUBLE?

The UK's Growing Digital Payment Dependency

Contents

Foreword

IN JUST 20 YEARS, THE WORLD OF PAYMENTS HAS TRANSFORMED DRAMATICALLY.

We've gone from relying on cash, cards, and cheques - with Chip-and-PIN and contactless added along the way - to a landscape where digital wallets and QR codes are everyday options. The old saying "cash is king" may still hold true for some, but today, it's convenience that wears the crown.

Thanks to growing choice and retailer acceptance, fewer than half of us now leave home with a wallet or purse, something unimaginable just a decade ago. Back then, digital systems were clunky, slow, and unfamiliar. Paying by card, let alone with a smartphone, for a round of drinks or a bus fare felt strange or even frowned upon.

Now, digital is the default. Card payments overtook cash in popularity back in 2018, and today, digital wallets on smartphones and smartwatches are the go-to for Gen Z and Millennials. While older generations may still prefer cards, the gap isn't as wide as you might think.

Cash, though, still has a major role. Despite ATM use declining, £80 billion was withdrawn in 2024 - about £1,250 per UK adult. It remains a trusted way to budget, and as our research on digital inclusion showed last year, nearly a quarter of people feel digitally excluded, especially when it comes to payments and banking. That's why cash continues to be the most trusted payment method.

As LINK marks its 40th anniversary, it's fitting that 1985's biggest film was Back to the Future - a story about exciting tech that sometimes went wrong.

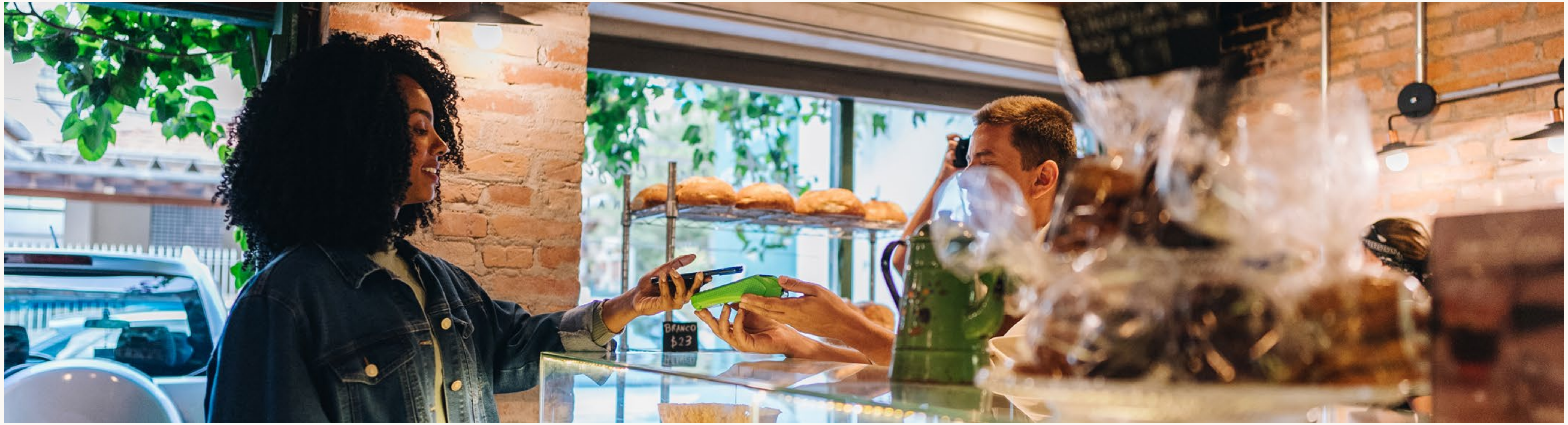
Today, we're more digitally reliant than ever. But what happens if systems go down for a sustained period? Recent power outages in Portugal and Spain exposed real vulnerabilities, while cyber-attacks on retailers' payments platforms continue to make headlines.

Our research shows that digital reliance comes with risk. Two-thirds of people have faced some form of disruption, with a third caused by payment system outages. Yet many no longer carry cash or keep any at home. So far, the UK has been lucky, but there is enough evidence to suggest that things do occasionally go wrong.

LINK's position is clear: we're not resisting the digital tide. Our mission is to protect access to cash for as long as people need it, while supporting efforts to expand digital inclusion. What matters most is helping people understand how to protect themselves.

The Emmett Brown of today might say, "Wallets? Where we're going, we don't need wallets." And maybe one day, the physical wallet will be a relic. But when things go wrong, it's reassuring to know you've still got one.

ADRIAN ROBERTS
Deputy CEO at LINK



Executive Summary

PART 1: THE FALL OF THE PHYSICAL WALLET

Fewer than **half of UK adults own a physical wallet** or purse that they consider essential to their day-to-day lives (48%). This falls to 38% among 18-24 year-olds.

Over half (51%) **carry a digital wallet** (via smartphone or smartwatch) when leaving home.

Three-in-five 18-24 year-olds **consider a digital wallet one of their "go-to" payment methods** (60%) — whereas only 16% consider a debit card (chip and PIN / contactless) as a "go-to" payment method.

PART 2: THE ONGOING DIGITAL UNEASE

Only 61% of UK consumers **trust smart devices as a payment** method — falling to just 37% among those aged 65+.

59% of people continue to **use cash as a payment method on at least a weekly basis** — with little difference by age.

PART 3: THE NEED FOR VIGILENCE

Over three-in-five people have experience of a **payments failure** (61%) — with 36% experiencing a failure they attribute to a system outage.

As a median average, people **carry as little as £20** with them when they leave the house and keep only £10 at home.

53% of UK adults leave home with just one debit card.

40% of digital wallet users only have access to one account on it.

52% of people hold bank cards across only one payment provider.

How payments work

The ways in which we pay today are changing like never before. As the UK's main cash machine network, we have seen these significant changes firsthand. Ten years ago, over half of all payments were made using cash. Now, it's more like one-in-ten. Online retail and digital payments have brought greater convenience and choice to customers.

No longer are our choices limited to cash, card or cheque. Asking for the bill in the restaurant with a 'phantom chequebook and pen' seems extremely outdated and possibly even confusing to a younger generation.

Without many people realising, we now have a much longer list of options to choose from for our convenience. Even developments in the past 20 years like Chip-and-PIN increasingly feel like something from the past.

While advances in technology mean many are used to paying with a smartwatch or a smartphone, how well do you understand the full extent of the payments landscape? As figure 1 shows, nowadays, there is a wider range of options for both physical and online payments than many people realise.

Fig 1. Types of payment method

Payment Method	Summary	Online/ Physical	Benefits
Cash	Physical notes or coins used to pay	Physical	No transaction fees, receive funds immediately
Credit Card	Plastic card used to pay with pre-approved borrowed amounts from banks	Online & Physical	Increased protection for merchants and customers, credit line for customers, contactless options
Debit Card	Plastic card used to pay with the customer's own funds	Online & Physical	Easy to use, contactless options, widely used
Prepaid Card	Plastic card used to pay with a pre-loaded amount	Online & Physical	Increased protection for merchants and customers, customer only spends what they have, contactless options
Mobile Wallets (mobile payment)	Mobile wallet apps like Google Pay or Apple Pay where customers store their card details without having to enter it each time they make a purchase	Online & Physical	Fully contactless, uses NFC technology for in-person tap to pay transactions, convenient for customers (don't need to carry around a physical wallet)
Peer-to-Peer Payments (mobile payment)	Customer sends and receives money with services like Bizum and PayPal from a mobile device through a linked bank account or card	Online & Physical (Bizum), (PayPal)	Instant and convenient, popular among consumers, user only has to enter their payment details once, contactless
QR Code Payments (mobile payment)	Customer scans digital QR code with smartphone to complete transaction via online payment page using a range of payment method types	Physical	Contactless, fast, no POS/card reader/website required, take payments from your phone
Bank Transfer	Customer manually inserts bank transfer to pay for products or services	Online	Lower chance of fraudulent requests for refund
Direct Debit	Customer gives business permission to automatically collect the payment in full or in instalments (i.e., subscriptions)	Online	Guaranteed income, saves time for you and customers
Payment Links	Unique payment link sent to customer to complete payment online, expires after use	Online	Customise the payment page, no website required, send via email, SMS, social media, or WhatsApp
Telephone or Mail Order	Customer calls a business to make a card, debit, or prepaid card payment over the phone, or sends the payment in the mail via check or by filling out a form with card information	NA	Continue satisfying customers that aren't online savvy and/or prefer paying via check

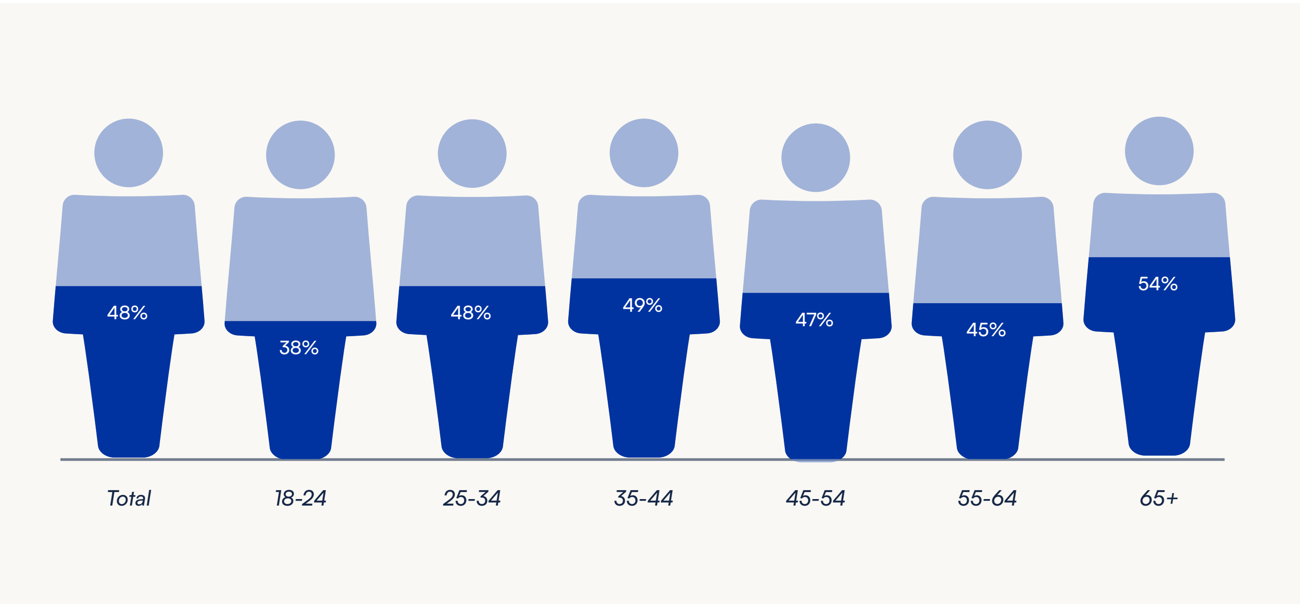
SECTION 1

Left behind: the fall of the physical wallet

Once a symbol of security, style and an indication of whom was paying, the physical wallet and purse is slowly losing its status. As more and more people turn to digital payments and tap-to-pay trends, are we witnessing the end of an era? Is the wallet turning into the Filofax?

From looking at our research, it would be an exaggeration to suggest the wallet has become the equivalent of the Filofax or the A-Z Street Atlas. That said, while 82% of us still own a wallet or purse, fewer than half that do so consider it essential for their day-to-day. That means just 48% slip one into their pocket or bag each morning, with younger generations the most likely to leave it behind. Only 38% of 18—24-year-olds see a wallet as a must-have, compared to 54% of the over-65s. These numbers show that while older generations are less ready to ditch tradition, the impact of digital in how we pay for goods and services is not simply the preserve of younger generations.

Fig 2. % of people that own a physical wallet / purse and consider it essential for their day-to-day routine (%)



Digital becoming the default

This decline in the status of the physical wallet coincides with a move, across all demographics, to tap into payment methods that eliminate the need for a physical form of payment, such as a digital wallet on their smartphone or smartwatch. But as our survey findings show, younger generations are more likely to cite digital wallets as a payment method they typically carry with them when leaving home — with a corresponding fall in the proportion typically carrying a physical card.

Fig 3. Payment methods consumers typically carry when leaving home (%)

Given the penetration of smartphones among younger consumers (98% among 16—24-year-olds[1]) and the increasing use of smartwatches (32% among 18—34-year-olds[2]) it is perhaps no surprise to see how payment habits are being shaped by technology and convenience in this way.

Younger generations, raised in a world of apps and instant access are fully immersed in the digital environment and tend to view digital payments - be it online or via QR code - as intuitive and routine. Their ease of navigating devices and digital platforms is being mirrored in their approach to personal finance tools, such as mobile payment apps and smartwatches with wallet capabilities. This behavioural shift is further influenced by external events, such as the Covid-19 pandemic, during which cash acceptance was often deterred and ATM usage declined significantly. As a result, many individuals in Gen Z reached adulthood with limited reliance on physical currency, reinforcing a preference for digital forms of payment.

But it is not just age driving the shift, with payment preferences also varying by levels of household income. As few as 40% of those with £10,000-£15,000 annual household income carry a digital wallet with them when leaving the house, rising to 70% among those with a household income of £100,000+. Clearly, adoption of digital payments is driven by wealth as much as it is by age.

Fig 4. % carrying a digital wallet (via smartphone or smartwatch) when leaving home by household income

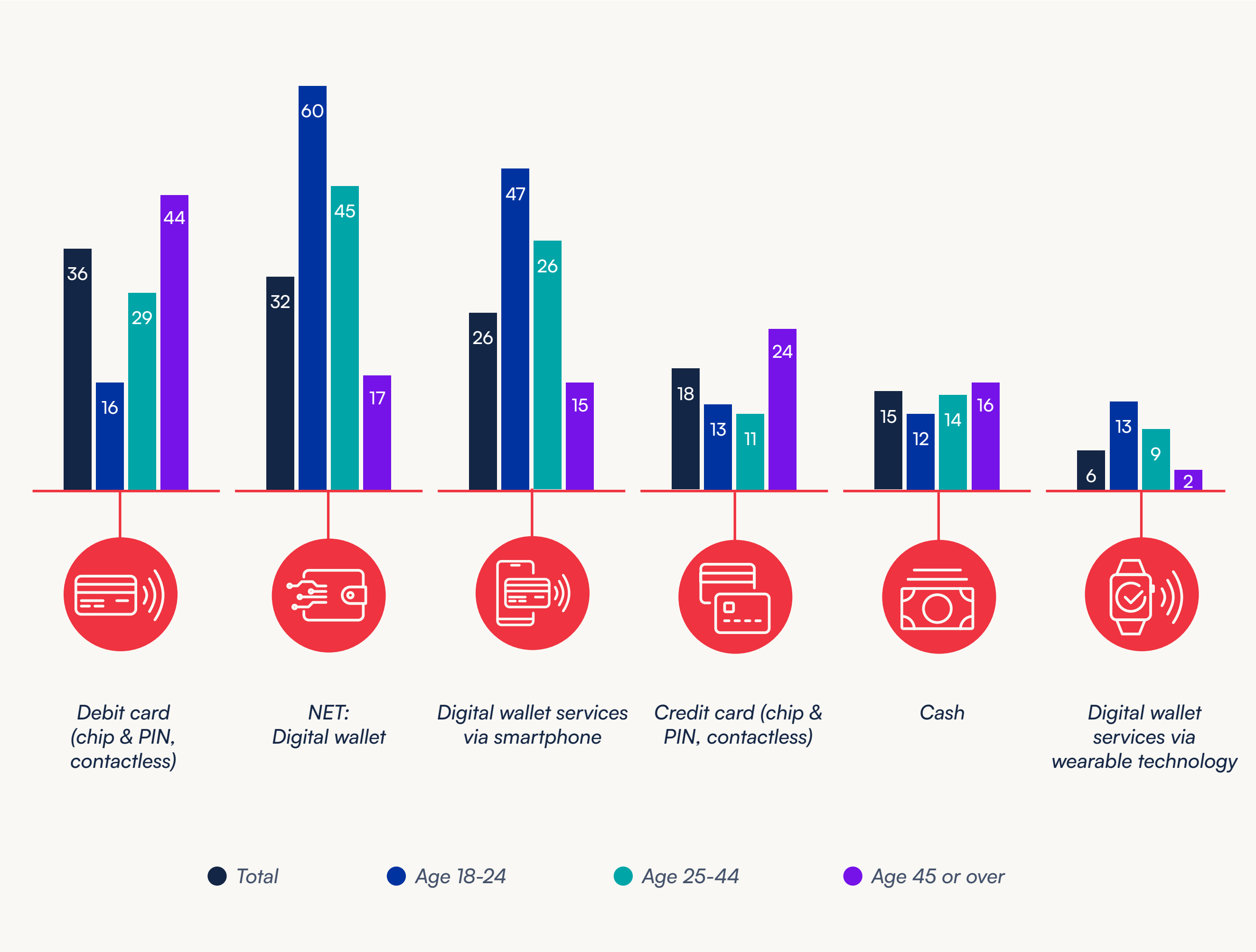
In addition, ownership of digital wallets on smartphones or smartwatches is notably higher among:

- **People of colour** - with 61% of Black / Black British, 62% of Asian / Asian British, and 65% of mixed-race respondents carrying a digital wallet.
- **Men** (55% vs. 48% of women).

Regular use of digital wallets has established smart devices as a "go-to" payment method for younger consumers. A significant proportion of 18-24 year-olds (60%) default to using a digital wallet - 47% via smartphone and 13% via smartwatch. The trend extends to 25-44 year-olds, where 45% report the same preference (36% smartphone, 9% smartwatch). For older age groups, debit cards remain the preferred go-to method of payment, though digital wallets are the go-to for nearly one-in-five (17%).

[1] Finder. Mobile phone and internet usage statistics in the UK. July 2025.
[2] Bryter. Wearables Report. April 2024.

Fig 5. Consumers' go-to payment methods (%)



Again, the shift towards smart device payments is not solely driven by younger consumers, but also by:

Higher income households
38% of those with an income of £100,000+ consider a digital wallet as their go-to method of payment, versus only 24% among those with an income of £10,000-£15,000.

People of colour
41% of Black / Black British, 41% of Asian / Asian British, and 47% of mixed-race respondents indicate they default to mobile wallet payments.

Given this increasing shift towards digital methods of payment, it is vital that we help consumers to recognise the potential drawbacks of an over-reliance on digital wallets - such as battery failure, system errors, or encountering retailers that only accept cash.

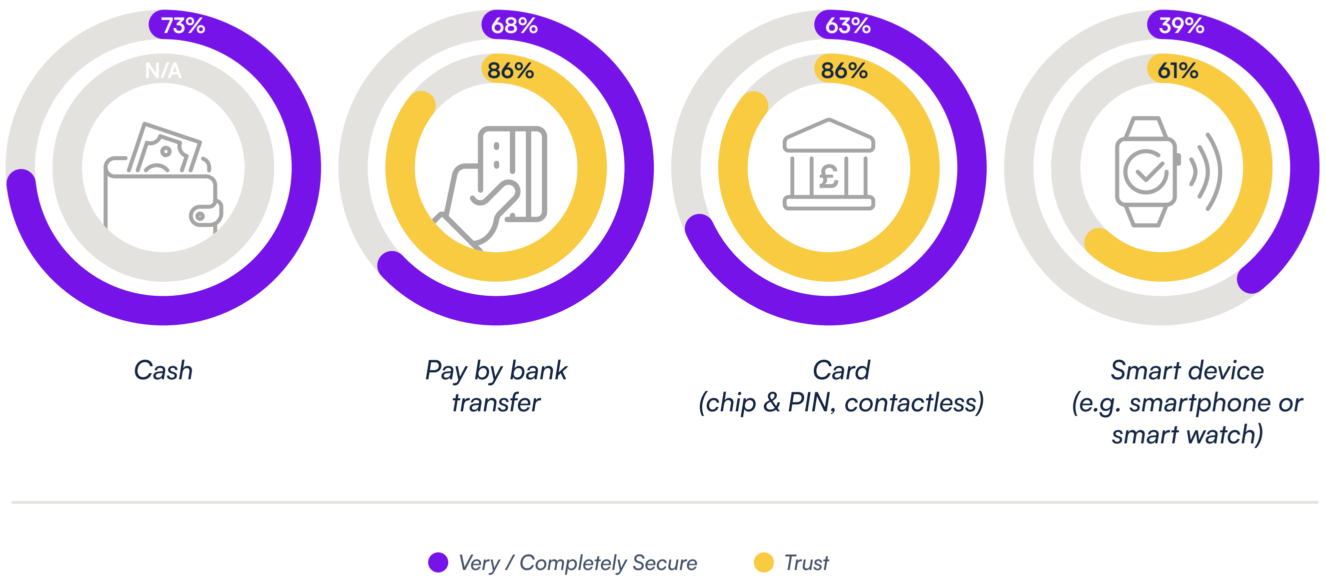
SECTION 2:

The ongoing digital unease

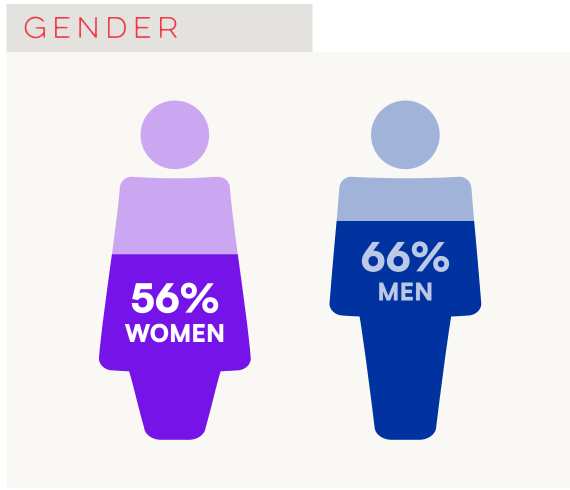
As we saw in the previous section, while increasing numbers are defaulting to digital wallets, this is being felt unevenly across society. As such, there remains a level of unease with paying via smart device.

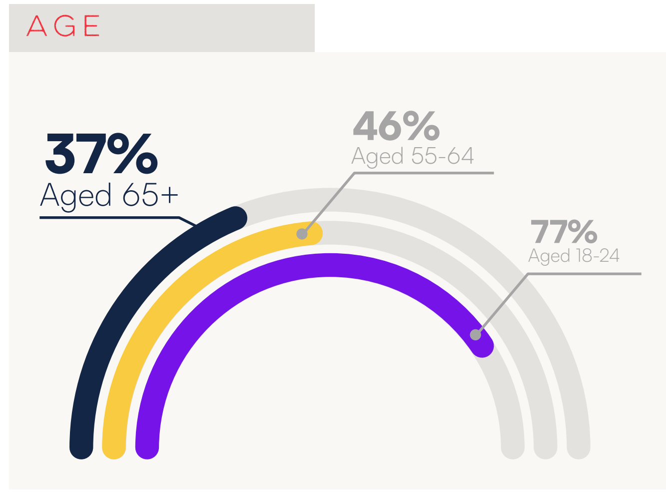
People are far less likely to feel very or completely secure when using smart device payment methods (39%) than they are when paying by card, bank transfer or through cash. Of their digital options, consumers demonstrate significantly higher levels of trust in bank transfers and physical card (86% respectively) than they do in smart device payments (61%). This is perhaps interesting given well publicised and sustained high levels of Authorised Push Payment (APP) scams that have seen hundreds of millions of pounds sent to criminals through bank transfers.

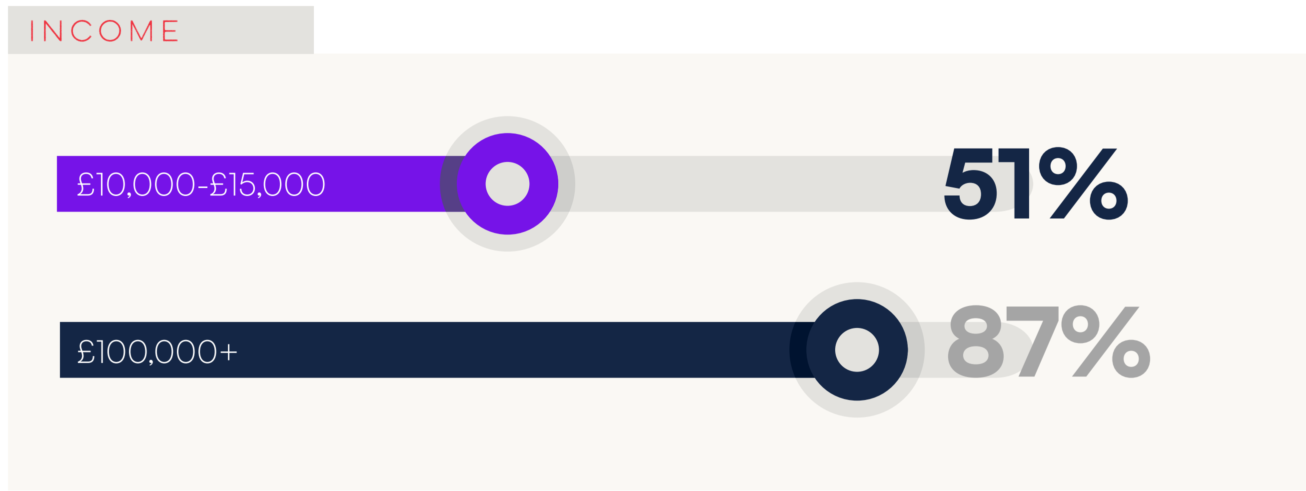
Fig 6. % feeling secure and trusting when using payment methods

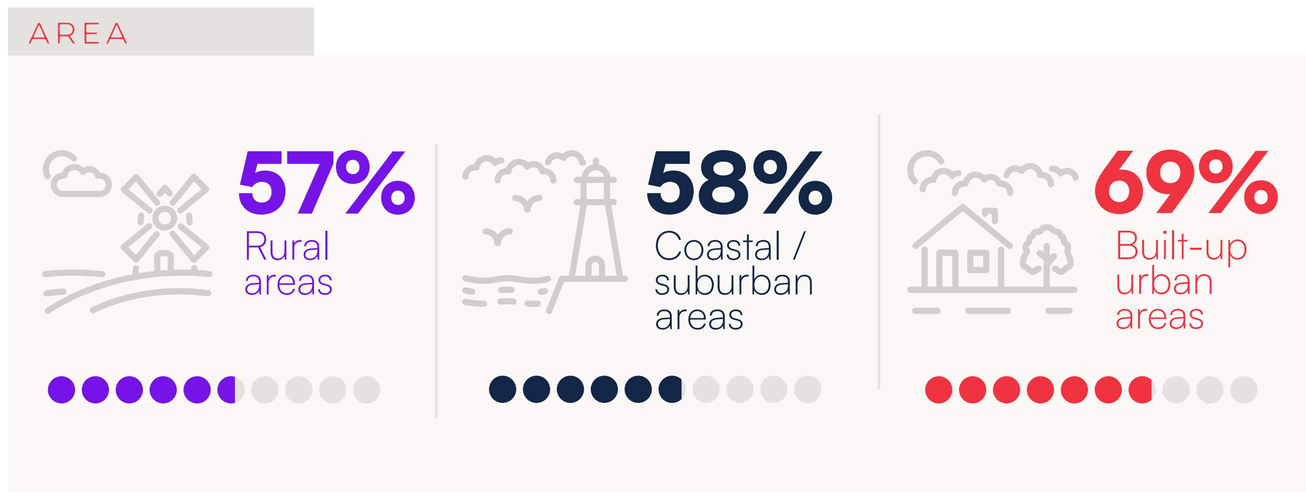


This lack of trust in smart device payments is particularly evident among the following demographic groups:





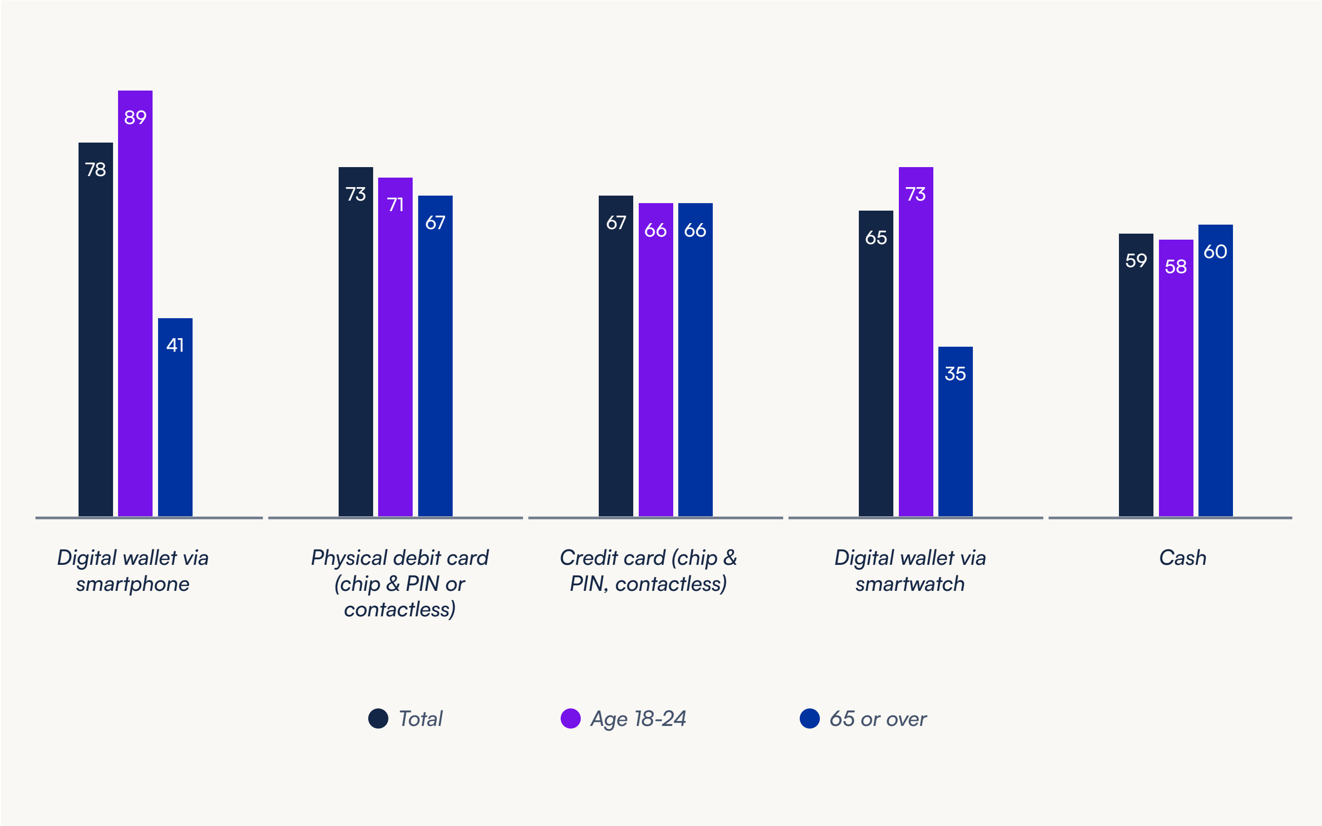




The ongoing demand for cash

While the ways in which people pay for goods and services is becoming increasingly digital, consumers continue to use a range of payment methods regularly. Indeed, younger age groups continue to use both cash and physical debit or credits cards with broadly the same regularity as older groups.

Fig 7. Daily / weekly usage of payment methods by age (%)



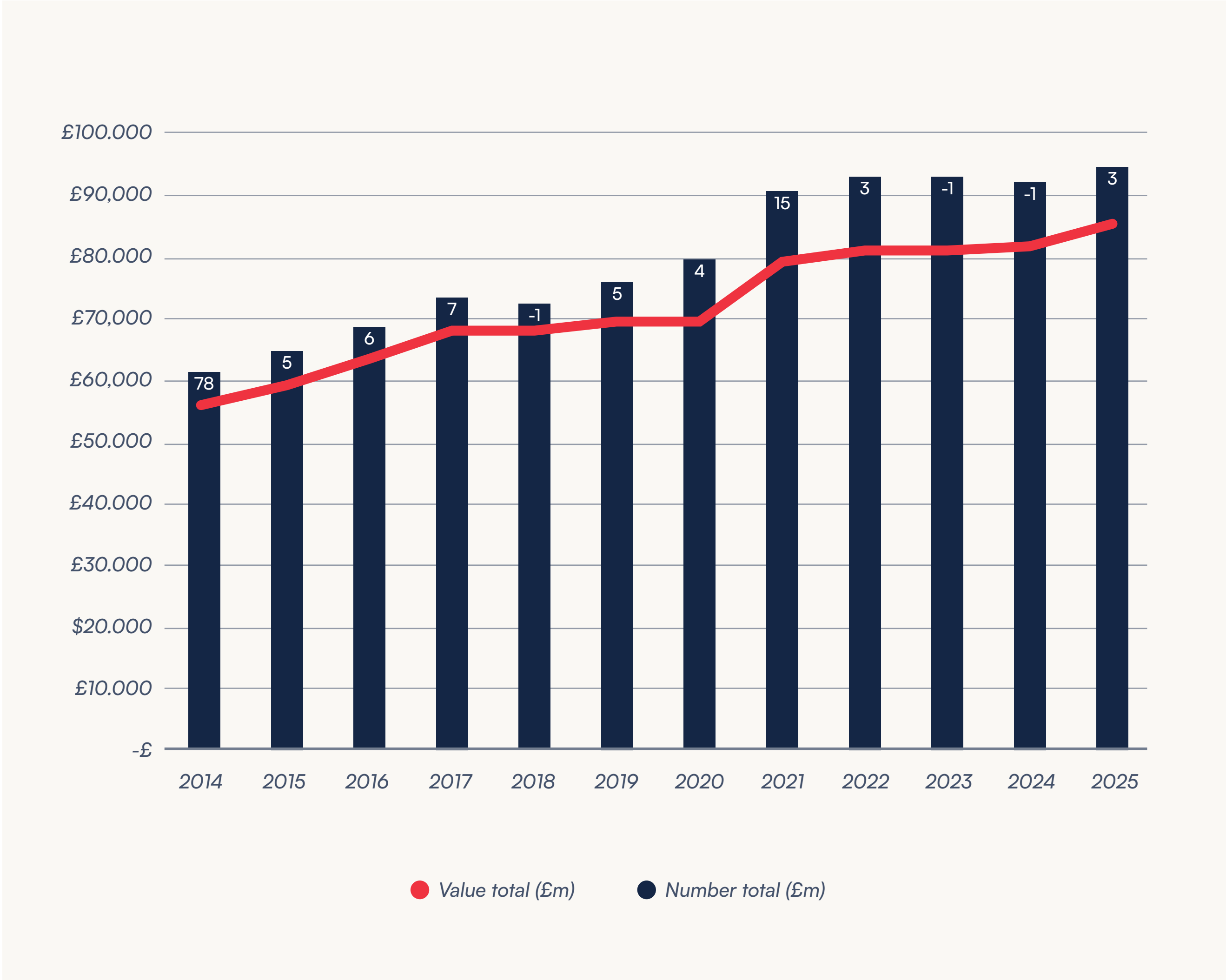
This reflects the ways in people prefer to pay for different types of goods or services. While there are some demographic differences — particularly by age — across the UK, cash remains the preferred way for people to pay for small items (42%). Physical card payments are by far the most preferred method for large purchases and grocery shopping. Conversely, fewer than one-in-five prefer smart device payment methods for any types of purchase.

Fig 8. Preferred payment methods for different types of purchase

And while the youngest age groups are more likely to prefer smart device payments across the board, it is not yet the single most preferred payment method for any type of purchase. Indeed, cash remains the favoured approach for 18-24 year-olds when buying small items and when shopping overseas.

It is clear, then, that nobody wants cash to disappear, and it is unlikely to do so any time soon. Indeed, the current amount of cash in circulation is at an all-time high. According to Bank of England, there is over £93,500 million of bank notes in circulation across the country.[3] And over the past decade, the number and value of notes in circulation has been increasing, currently sitting 50% higher than it was in 2014. In fact, the value of cash withdrawn in 2024 sat at £80 billion.[4]

Fig 9. Banknotes in circulation, value and number (including % change)



[3] Bank of England. Weekly Report. 30 July 2025
[4] LINK. The Cash Conundrum. 2025

SECTION 3

The need for vigilence

In April 2025, a major power outage plunged Spain and Portugal into darkness. Flights were grounded, transport systems paralysed, and payment networks frozen - exposing just how deeply our daily lives rely on digital infrastructure. In light of geopolitical tensions, the blackout served as a wake-up call, prompting individuals and governments alike to rethink their overdependence on online systems and ask, "What if this happened here?"

Events of this nature are not as rare we might think — and show that people are right to be wary. In recent years, both domestically and internationally, consumers have undergone instances that have impacted their ability to make payments.

Spain and Portugal Blackout

On April 28, 2025, a massive power outage swept across Spain and Portugal, disrupting life for tens of millions and exposing vulnerabilities in digital infrastructure. Triggered by the sudden loss of 15 gigawatts (about 60% of Spain's power demand) the blackout affected public transport, hospitals, airports, and manufacturing. Crucially, it paralyzed electronic payment systems, leaving consumers and businesses unable to process card or mobile transactions and rendered digital payments largely unusable. As a result, cash became the only viable method for purchasing goods and services, with shops and cafés accepting only physical currency.[5]

Major Banking App Outages

Between January 2023 and February 2025, there have been 158 IT banking failure incidents.[6] Data published by the Treasury Select Committee reveals that nine of the UK's top banks and building societies accumulated more than 33 days of unplanned tech and systems outages during this time period. These incidents have included technical errors and banking app outages affecting payments and transactions, and card payment issues impacting customers' ability to pay for everyday items.

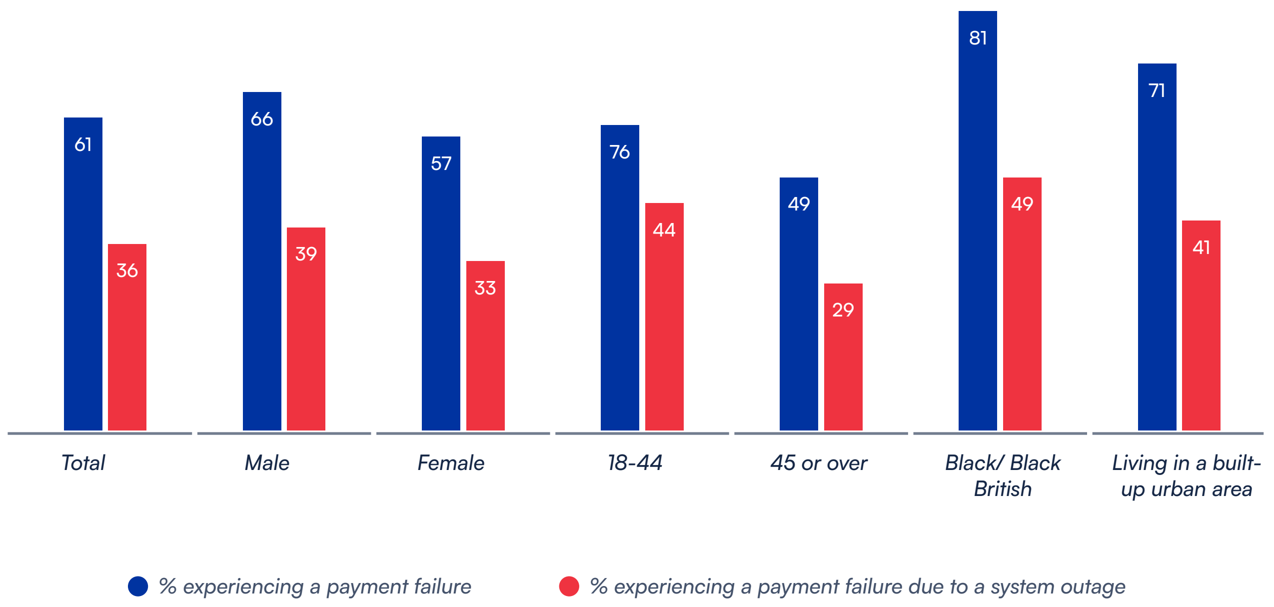
[5] Politico - Power cut leaves card users in the lurch in Spain, Portugal — POLITICO
[6] UK Parliament, Committees - More than one month's worth of IT failures at major banks and building societies in the last two years.

Sweden and Norway Take Measures of Caution

Back in 2018, Sweden and Norway looked on track to become cashless societies in the near future. In fact, Sweden expected to do so by 2025. However, the Russian invasion of Ukraine in 2022 and the cross-border tensions that have since followed have caused the Nordic regions to reconsider. Both have implemented stricter controls to reduce exposure to the risks of geopolitical tensions. This includes encouraging greater use of cash. The Swedish and Norwegian governments either have or are considering applying policy to ensure cash remains accessible and accepted. Given the increasing global instability, digital threats and climate change, the Justice and Emergencies Minister of Norway said, "If no one pays with cash and no one accepts cash, cash will no longer be a real emergency solution once the crisis is upon us."[7]

Our research shows that nearly two-thirds of UK adults have already experienced payment failures; for one-third, system outages were to blame. Of those experiencing payment failures, a fifth were forced to abandon purchases, and over one-in-ten had to rely on others to foot the bill. Such experiences are more common than we'd like to admit, and they hint at the impact a national outage could wreak. That being said, in some of these cases, if customers had been carrying cash or a card on an alternative network, then their outing may have been uninterrupted.

Fig 10. % who have experienced a payment failure and who have experienced a failure due to a system outage



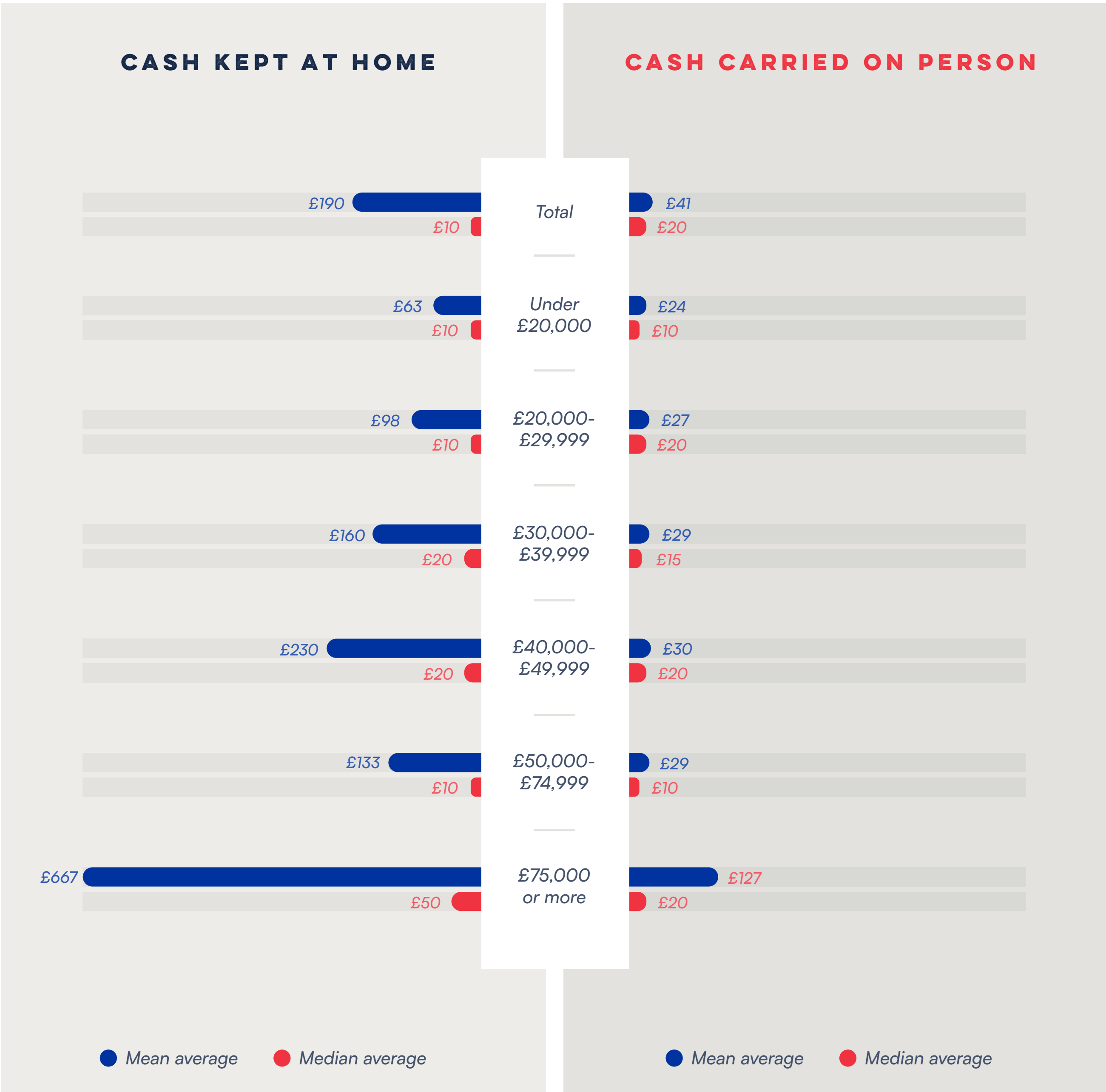
[7] The Guardian. Sweden and Norway rethink cashless society plans over Russia security fears. 30 October 2024

UK consumers are vulnerable

So how well prepared are we in such an event?

Our data shows that people typically carry a median average[8] of only £20 cash in their pocket and keep £10 cash at home. While the mean average amounts are significantly higher (£41 carried, £190 kept at home), this is heavily skewed by the highest income households, who are holding onto greater amounts of cash. In short, while a small proportion of wealthier households are lifting the average, most people have access to no more than a total £30 in the event of a payments system failure.

Fig 11. Mean and median average amounts of cash people hold either at home or carried with them by household income



[8] The average (mean) represents the sum divided by the number of respondents, while the median is the middle value when responses are ranked in order — this removes any outliers and is a more typical / accurate reflection of consumers' responses.

And a significant number of people are flying blind: 7% of UK adults — roughly five-million people — carry no cash at all, while 23% (nearly 16-million people) have none at home. In the event of a digital outage or a more significant issue with the critical infrastructure, these individuals are left without a safety net. Younger consumers face greater risk, given that 21% of 18—44-year-olds tell us that they would have no back-up method in the event of losing their smart device or it running out of battery, compared to just 9% of over-45s.

If a major payment network experiences technical issues, individuals reliant on just one provider risk being unable to complete transactions, whether in store or online.

People are putting all their eggs in one digital basket, leaving them vulnerable to outages resilience.

53%

of UK consumers leave home with just one debit card

40%

of digital wallet users only have access to one account on it

52%

hold their bank cards (physical or digital) across only one payment provider

Conclusions and recommendations

AS A COUNTRY AND AS INDIVIDUALS, WE MUST REMAIN VIGILANT TO ENSURING A ROBUST UK PAYMENTS LANDSCAPE.

Improving the resilience of the digital payments system will not be an overnight fix, but the National Payments Vision, with the Bank of England playing a leading role in the Payments Vision Delivery Committee, is a welcome step in the right direction.

Separately, focus on maintaining the UK's cash infrastructure is crucial. This does not mean that we set the current system in stone. As cash withdrawals and volumes continue to decline, the country will not need to maintain the existing number of cash machines or bank branches. A lot of good work is already being done to protect access to cash upon high streets and cash users will continue to see a more diverse network of access points through ATMs, post offices and banking hubs. LINK is committed to continuing that work and ensuring it remains public policy as well.

However, one of the warnings from the 2019 Access to Cash Review by Natalie Ceeney was that access to cash and cash acceptance were issues that are two sides of the same coin. There is little good in managing the cash network and protecting access, if consumers are unable to spend it. As the recent Treasury Select Committee report on cash acceptance warned:

> ***"The Government is in the dark on how widely cash is being accepted and that is completely unsustainable. We are at risk of a two-tier society where the most vulnerable bear the brunt and this needs to be a wakeup call."[7]***

This is why a continued focus on cash is so important. While we have seen positive moves in protecting the access to cash footprint (for example, through the introduction of banking hubs and deposit services), businesses, particularly small and medium sized businesses, face mounting challenges in accepting cash. These challenges include security, insurance, rising banking fees and limited access to deposit facilities. Addressing these challenges needs to be a priority.

And as highlighted within the recent TSC report, all of these initiatives must run alongside an emphasis on supporting digital inclusion — with our findings emphasising the disparities by household income on adoption of digital wallets.

[7] Acceptance of Cash Treasury Committee, Sixth Report of Session 2024-25, April 2025

1 Maintain a cash reserve

Keeping cash available, both at home and on your person, provides a reliable fallback when digital systems fail. Despite its declining usage, cash remains the most trusted payment method across demographics. Cash machines in the UK only currently accept authentication using a card, so carrying a card remains a must for withdrawing money.

2 Diversify your payment networks

If feasible, hold cards across multiple payment networks (e.g. Visa, Mastercard, American Express) to protect against outages that may affect a single provider. Many previous outages that led to disruption for businesses and consumers were actually avoidable if the customer was with a card using a different network.

3 Use multiple digital wallets

Distribute your cards across different mobile wallets to reduce the risk of being left stranded should you lose your device or encounter technical issues.

4 Do the basics - signature and PIN

Reacquaint yourself with your card's security features. With nearly half of consumers unsure of their PIN[9], basic habits like signing cards and memorising codes remain essential.

5 Understand contactless payment limits

Know both maximum and minimum spend thresholds at point of sale to avoid unexpected declines or overspending just to meet a minimum.

6 Install an alternative banking app/current account

Having access to a secondary banking provider adds a layer of protection in case of service interruptions or transfer issues.

7 Carry a portable charger

For those reliant on digital wallets, ensuring your device remains charged is crucial, especially in emergencies or delays that extend your day unexpectedly.

[7] Marqueta. 77% Of Gen Z Are Ditching Physical Wallets to Pay by Mobile. May 2022.

METHODOLOGY

This report is based on a nationally representative online survey of 2,077 UK consumers. Fieldwork was conducted between 19th — 23rd June 2025 and was carried out in line with quotas for age, gender, and region to ensure representativeness of the UK population.

We commissioned H/Advisors Cicero to design and deliver the market research for this report, analyse the research findings and contribute to the report.

H/Advisors Cicero are a leading consultancy firm, servicing clients in the financial and professional services sector. They provide integrated public policy and communications consulting, global thought leadership programs and independent market research. Cicero.h-advisors.global

About Link

The LINK Scheme is the UK's Cash Access and ATM Network that connects virtually all the UK's ATMs and provides communities with access to cash through services such as cashback at retailers' tills and Banking Hubs. LINK's role is to provide UK consumers with access to cash in a safe, convenient and rapid manner. A free LINK Cash Access The

LINK Cash Locator shows consumers their nearest free cash access location. It can be found at link.co.uk/cash-locator. LINK has 29 Members that issue cards and deploy ATMs in the UK. LINK is a not-for-profit organisation and governed by an independent Board, which has a clearly defined public interest remit.