



The role of Payment Initiation Services (PIS)

in transforming rent collection, reducing cost, and enhancing tenant experience in the Housing sector

Presented by Ashleigh Jay
Strategic Sector Lead | Housing | PayPoint





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Ashleigh joined PayPoint in 2023 and is currently Strategic Sector and Partnerships Lead, leading the go-to-market strategy and overseeing development of the existing client portfolio within the Housing sector. Ashleigh has supported the ongoing growth within the sector with key wins including Peabody Trust, Town and Country Housing and RHP.

Introduction

Housing providers operate in an increasingly complex financial landscape. Rising operational costs, regulatory scrutiny, tenant vulnerability, and the need for digital transformation are reshaping how organisations collect and manage rent.

Traditional payment methods, including cards, Direct Debit, standing orders and cash, remain important. However, they can be costly, administratively heavy, and in some cases slow to reconcile. Missed or delayed payments directly impact cash flow, arrears management, and ultimately the services housing providers can deliver to residents.

Payment Initiation Services

(PIS, more commonly known as Pay by Bank), enabled through Open Banking, offer a modern alternative: secure, real-time, account-to-account payments authorised directly by the tenant.

This paper explores how PayPoint's Payment Initiation Service is helping housing associations modernise rent collection, reduce cost, improve certainty of funds, and enhance the tenant payment experience.



Market context: Why housing providers need smarter payment solutions



Rising cost pressures

Housing associations face ongoing financial strain from maintenance costs, regulatory requirements, retrofit programmes, and development commitments. Reducing transaction fees and operational inefficiencies has become a strategic priority.

Card payments — while convenient — carry processing fees. Manual bank transfers can be difficult to reconcile. Every percentage point saved in payment costs can be redirected into housing services.



Arrears and income certainty

Income collection is the financial backbone of housing providers. Delays, failed payments, and lack of visibility create risk and administrative burden. Real-time confirmation of authorised funds can significantly strengthen arrears management processes.



Tenant expectations are evolving

Residents increasingly expect simple, digital-first payment journeys. Many are comfortable using mobile banking apps and prefer not to enter card details online. Offering “Pay by Bank” aligns with changing consumer behaviour.



Security and fraud awareness

As digital channels grow, so does fraud risk. Housing providers must ensure that payment methods are secure, compliant, and protect both tenant and organisational data.

What is Payment Initiation?



Payment Initiation is an Open Banking service that allows a business to request a payment directly from a customer's bank account, with the customer's explicit consent.

Instead of entering card details, the tenant selects **"Pay by Bank"**, chooses their bank, and is securely redirected to their online or mobile banking platform to authorise the payment.

Once approved:

- Funds are transferred account-to-account
- Authorisation happens in real time
- Settlement typically occurs within two hours
- Strong Customer Authentication (SCA) protects every transaction

There is no card networks involved, and no sensitive card data stored or shared.

How PIS works in a housing payment journey

- 1 The tenant selects **"Pay by Bank"** on the housing provider's website, portal, or app.
- 2 They choose their bank from a secure list.
- 3 They are redirected to their bank's app or online platform.
- 4 They log in and approve the payment using biometric or multi-factor authentication.
- 5 Funds are transferred and confirmation is returned within seconds.



For housing providers, this means immediate confirmation that the payment has been authorised — improving reconciliation and cash visibility.

Strategic benefits of PIS for the Housing sector



Lower transaction costs

Card processing fees can significantly impact high-volume rent collection. Payment Initiation provides a more cost-effective alternative by enabling direct bank-to-bank transfers without card scheme fees.

For large housing portfolios, even modest reductions in per-transaction costs can translate into substantial annual savings.



Real-time payment confirmation

Authorisation occurs instantly, and confirmation is returned in seconds. This:

- Improves cash flow visibility
- Reduces uncertainty in arrears tracking
- Enables faster allocation and reconciliation

Housing finance teams gain greater operational clarity without waiting days for settlement reports.



Reduced payment failures

Because tenants authorise payments directly within their banking app:

- There is no risk of incorrect card numbers
- Expired cards are eliminated
- Strong Customer Authentication reduces fraud risk

This results in fewer failed transactions and less manual follow-up by income teams.



Improved tenant experience

Pay by Bank offers a seamless, secure and familiar journey:

- No need to enter long card numbers
- No sharing of sensitive card data
- Secure authentication within the banking app

For digitally engaged tenants, this is a natural and trusted payment method.



Enhanced security and compliance

Payment Initiation is regulated under the Payment Services Regulations 2017 and operates within the UK Open Banking framework. As an authorised Payment Initiation Service Provider (PISP), PayPoint ensures:

- Strong Customer Authentication (SCA)
- Secure redirection via regulated banking channels
- No storage of card details
- Alignment with modern regulatory standards

This supports governance and risk management objectives within housing organisations.



Flexible integration for housing providers

PayPoint recognises that housing providers operate varied technology estates — from legacy housing management systems to modern digital portals.

Our PIS solution offers:

- API-first integration with developer documentation
- Branded or white-label payment journeys
- Dashboard tools for reporting and reconciliation
- Low-code and plug-in deployment options
- Integration with portals, CRMs and ERP systems

Typical integration times are short, allowing housing providers to adopt Pay by Bank without disrupting core operations.

Real-world applications in Housing

Housing providers are adopting Payment Initiation across multiple use cases:

- One-off rent payments
- Arrears repayment plans
- Service charge payments
- Repairs and rechargeable works
- Shared ownership staircasing payments
- Deposit or tenancy-related payments

Many organisations begin with online rent payments and expand into additional payment types once the benefits are realised.



Client Case Studies

thirteen

Homes. Communities. Support.

Driving digital income transformation through Pay by Bank

Thirteen Group, one of the UK's leading housing associations, sought to modernise its tenant payment infrastructure as part of its wider digital strategy.

CHALLENGE

To modernise payment channels while reducing cost and improving digital adoption.

Legacy swipe cards and traditional card payments were becoming:

- Expensive to operate
- Misaligned with digital-first ambitions
- Less reflective of how tenants prefer to bank

Thirteen required a secure, lower-cost alternative that would integrate seamlessly into its mobile-first strategy while maintaining tenant accessibility.

SOLUTION

PayPoint embedded Payment Initiation (Pay by Bank) within Thirteen's tenant payment ecosystem, fully integrated into its digital channels and mobile app experience.

The rollout was supported by:

- Collaborative implementation workshops
- Tenant-focused communications
- Seamless integration into existing systems

Payments are now authorised directly within tenants' banking apps using Strong Customer Authentication, with real-time confirmation returned to Thirteen.



OUTCOME

Adoption and performance have accelerated since go-live:

647

transactions
in March 2026
compared with
286 in August

86%

of PayByBank
transactions now
completed via app

+111%

growth in usage
since go-live

£326.29

average transaction
value

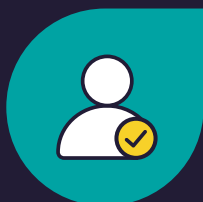
Thirteen have now collected **£1.2m via Open Banking payments** which has provided a **86% cost saving** when compared to the cost to collect via debit and credit card. Payment behaviour has fundamentally shifted and when presented with the choice between Pay By Bank and pay by card, **customers are choosing Pay By Bank 13% of the time.**

"We're thrilled with how intuitive and effective the new payments app has been. Our tenants have responded positively, and we're excited about entering the next phase with PayPoint to create an even more seamless experience across all our digital services."
Rob Thompson, Strategic Lead for Rent and Income Services, Thirteen Group

Beyond payments: the future of Open Banking in Housing

Payment Initiation is often the first Open Banking service organisations adopt because it delivers immediate commercial and operational value.

However, once embedded, it can form part of a broader digital transformation strategy. Combined with services such as:



Confirmation
of Payee



Account Information
Services



PayPoint OpenPay:
Automated disbursements

Housing providers can create a secure, end-to-end, digitally enabled income ecosystem.

Conclusion

For housing providers, income collection is not just an operational function — it is central to delivering safe, sustainable homes and supporting communities.

Payment Initiation Services provide:

- Lower cost payment processing
- Real-time confirmation and improved cash visibility
- Reduced failed payments
- Enhanced tenant experience
- Secure, regulated Open Banking infrastructure

As financial pressures and digital expectations continue to evolve, adopting modern, account-to-account payment solutions is becoming a strategic necessity rather than a future consideration.

PayPoint's Payment Initiation Service enables housing providers to modernise with confidence, improving operational efficiency, strengthening income certainty, and delivering a payment experience aligned with the way tenants bank today





Thank you

Contact the team at

 AshleighJay@paypoint.com

