The Master Key

How a unique business identifier could unlock productivity growth for Britain's SMEs

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Foreword

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Britain's 5.7 million SMEs are being slowed down by avoidable data friction. Business owners are forced to act as unpaid data clerks for the state. A single business is treated as a stranger by HMRC, a new entity by Companies House and a separate record across different public bodies. They submit and re-submit the same core information such as names, addresses and registration numbers dozens of times across their lifecycle.

We now have the technology to slash this bureaucratic bind. With the Economic Crime and Corporate Transparency Act coming into force and the Data (Use and Access) Act 2025 now in place, plus reforms to Companies House, we also have the legislative frameworks needed to rebuild the state's financial plumbing.

We propose a shift from digital identity as a login problem to a smart data exchange model, where businesses can reuse verified information safely across services. By implementing a Unique Business Identifier (UBI) underpinned by the 'tell us once' principle, we can stop the repetitive bureaucracy that stifles growth and innovation.

If we get this right, we don't just reduce admin; we can accelerate access to finance, improve payments and compliance, and strengthen defences against impersonation and fraud. The technology exists. The private sector is ready. It is time to turn the key.

Executive summary

A significant brake on Britain's productivity growth lies hidden in the plumbing of our bureaucracy. Business data is highly fragmented, forcing SMEs to navigate a labyrinth of disconnected portals, managing multiple credentials for HMRC, Companies House, local authorities and private financial services. This fragmentation is not merely an inconvenience; it is a structural inefficiency that costs the economy time and money at scale, stifling innovation and increasing risk. It also leaves the door ajar for economic crime, with identity fraud becoming increasingly sophisticated and costly.

This paper proposes a practical two-part solution: A Unique Business Identifier, paired with reusable verified business attributes issued as digital credentials.

The policy fix in two steps:

1. Harmonisation: Establish a Unique Business Identifier for every business. By linking existing identifiers (such as Company Registration Numbers, VAT numbers, Unique Taxpayer References) across government departments, we can create a single source of truth.

2. Interoperability: Utilise Verified Credentials – a digital Master Key – allowing businesses to share this verified data instantly with government and private sector providers (such as banks) without paperwork and without repeated manual checks.

International competitors like Singapore, Australia and New Zealand have already proved this model works. Were the UK to follow suit, three immediate benefits would follow:

- Slashed admin burden: SMEs could reclaim days of lost time, redirecting effort from compliance to commerce.
- Tackling economic crime: Real-time data validation makes shell companies and fraud harder to hide. Companies House identity verification became a legal requirement from 18 November 2025, which strengthens the case for portable, reusable verification.

- Faster cash flow: Mandatory eInvoicing for all VAT invoices will be introduced from 2029, and the government has been clear that network effects are a central reason for mandating adoption. Interoperable eInvoicing becomes easier, directly addressing the late payment culture crippling small businesses. Government-commissioned research estimates late payments cost the economy almost £11 billion per year and contribute to around 14,000 closures annually. A single, secure, portable credential could unlock government services, facilitate instant access to finance, automate eInvoicing and secure the supply chain.

1. Ending the digital drag on growth

Productivity growth has stagnated in the UK since the 2008 financial crisis. Many macroeconomic factors lie behind this, but the 'digital drag' of poor administrative business infrastructure stands out as an inefficiency well within the government's gift to solve. The friction of the current system acts as a brake on every aspect of business velocity:

- Access to finance: It takes days or weeks to open a business bank account because lenders must manually verify the identity of directors and the legal status of the business.
- Supply chain efficiency: Invoicing remains largely manual (PDFs sent via email), leading to errors and delays.
- Government support: During crises (such as the COVID-19 pandemic), the distribution of support funds was slowed by the inability of the government to instantly verify the trading status and bank details of millions of SMEs. In the absence of a 'Master Key' to verify identity instantly, checks were often relaxed to prioritise speed, leaving the system vulnerable where this 'front door' vulnerability cost the UK taxpayer £10.9 billion in fraud and error.

Help is now at hand. Through the creation of unique, digital, verifiable identities for business entities, we could slash the digital drag – saving business owners valuable time, reducing the opportunity for fraud, and accelerating capital flows to growing firms. Indeed, data from the Centre for Finance, Innovation and Technology (CFIT) and the City of London Corporation indicates that successfully implementing a scalable digital verification service could unlock up to £4.8 billion in economic value by 2030.

The accountant's view – David Sellick, director, Sidgrove

"Less admin, less box-ticking – I'm for it. It's not just a case of improving things like financing, efficiency and security; I often lose weeks onboarding and helping SMEs because they are strangers to HMRC, Companies House and their bank despite providing who they are three times over. Australia and New Zealand proved the single identifier works. We should have had this yesterday."

2. The Master Key – reimagining access

To end the digital drag, we must move beyond the concept of 'login' and embrace the architectural concept of a 'Master Key'.

Currently, a business owner is forced to carry a heavy, insecure 'keyring' of different logins to access accounts like HMRC, Companies House and their bank.

The problem with this current model is threefold:

1. Burden: It is inconvenient and confusing to manage. Losing a key can be catastrophic.
2. Insecurity: To let someone else in (such as an accountant), the owner often has to hand over the key itself. Once the key is handed over, the owner loses control. They cannot be sure the key will be returned, or that copies haven't been made.
3. Lack of granularity: The key opens the whole door. If a business owner gives their accountant the key to part of a system, they might also be able to access areas they didn't intend, simply because the permissions are poorly defined.

To modernise the UK's business infrastructure, we must distinguish between the foundation (data quality) and the function (data exchange) through a two-phase process:

Phase 1: The foundation (the Unique Business Identifier): Currently, government databases are siloed. A business is a Tax Reference to HMRC, a Registration Number to Companies House and a Licensing ID to a Council. We do not necessarily need a new number. We need a federated identifier – a digital index that links these disparate numbers together. This ensures that when a change is made in one system (such as a change of address at Companies House), it propagates across the network.

Phase 2: The function (Verified Credentials): Once the data is harmonised, we can unlock the utility. This is where Verified Credentials apply. Rather than a 'Business Digital ID', this is a Business Attribute Exchange. It functions like a digital wallet for the business. The business holds its own verified data (proof of incorporation, VAT status, and so on) and presents it to a bank or government department instantly.

2.1. The "Master Key" solution

Currently, our regulatory landscape resembles a corridor of unconnected, locked rooms. To a business, HMRC and Companies House function as separate vaults; the business owner must fumble for a different key every time they wish to enter. They are forced to prove their identity at every threshold. Our proposal is simply to standardise the access, allowing the Master Key to open every door. A Master Key would package the foundational Identifier (from Phase 1) inside a secure, cryptographic Verified Credential held in a digital wallet.

In this new paradigm, we would observe:

- Universal recognition: When the business owner approaches any digital 'door' – be it HMRC, a bank, or a supplier – the door recognises the Master Key. There is no need to search for a specific password; the Master Key authenticates the business instantly.
- The power of delegation (Guest Passes): Crucially, the Master Key allows the owner to issue Guest Passes. If the owner wants their finance director to pay the VAT, they do not hand over their Master Key. Instead, they use their Master Key to digitally sign a specific, time-limited permission that is sent to the finance director's own wallet.
- Granular control: This Guest Pass is smart. It could specify: "This person is allowed to enter the HMRC room, but only to file returns, not to change the company bank details."
- Instant revocation: If the finance director leaves the company, the owner could simply revoke the Guest Pass via their Master Key app.The 'locks' do not need to be changed because the 'keys' were never handed over; only the permission was granted.

This analogy describes the shift from shared credentials (passwords) to delegated authority (verifiable credentials). It solves the 'Secret Zero problem', where the initial secret (the password) is the weak link in the security chain. In a Master Key system, the private key never leaves the owner's secure device; only the cryptographic proof of authority is shared. This also improves auditability, because actions can be tied to an individual's delegated authority rather than a shared login.

Expert insight – Eamonn Ives, research director, The Entrepreneurs Network

"Increasing productivity rates should be an economic policy lodestar. One of the easiest ways to do that is to allow entrepreneurs to spend more time actively working on their businesses, rather than fritting away precious time on admin. Embracing the shift towards digitisation offers a suite of benefits – from improved efficiency to enhanced security to swifter access to finance. With the body of positive evidence only growing, the Government should throw its weight behind fixing Britain's digital drag and bring business admin into the 21st century."

3. The current landscape: A transition in limbo

The UK is currently in a state of flux regarding its digital identity infrastructure. While the ambition for a modern, digital government is clear, the practical reality for businesses is a confusing transition period between legacy systems and new, yet-to-be-fully-realised platforms.

3.1. The legacy: Government Gateway

For over 20 years, the Government Gateway has been the workhorse of digital governance in the UK. Launched in 2001, it was revolutionary for its time, allowing businesses to access multiple services with a single User ID. However, in the era of biometrics and mobile-first banking, it is fundamentally outdated.

The Gateway's primary weakness is its inability to handle complex relationships. It treats a business entity and an individual as roughly the same type of user. This has led to the widespread and insecure practice of credential sharing, where business owners write down their Gateway ID and password, and give it to their accountant or office manager. This destroys the audit trail; if an error or fraud occurs, it is impossible to prove who actually pressed the button.

3.2. The replacement: GOV.UK One Login

Government Gateway and GOV.UK Verify is currently being replaced with a new, single platform: GOV.UK One Login. The goal is simple and admirable: one username and password for all government services.

As of late 2024, One Login had achieved significant milestones for citizens. It is now expanding across services and the One Login app is being used to hold digital credentials, starting with the digital Veteran Card. Crucially, as of October 2025, GOV.UK One Login became mandatory for Companies House WebFiling, forcing all directors to adopt the system. However, for the business user, the roadmap remains concerningly vague regarding the Master Key features – specifically delegation and relationship management.

Current public roadmaps indicate that while users can prove their identity, the complex functionality required for a business owner to delegate access to an employee or an agent is still in early development phases. This creates a dangerous functionality gap:

- The gap: HMRC announced that new users will be directed to One Login from May 2024, yet the system does not yet support the rich delegation features that accountants and bookkeepers rely on in the old Government Gateway system.
- The risk: Without a prioritised roadmap for business delegation, SMEs may be forced to run parallel systems where they are using One Login for personal affairs and clinging to the legacy Government Gateway for business tasks. This bifurcated experience increases friction rather than reducing it.

3.3. The legal enablers: The Data (Use and Access) Act 2025 and the Electronic Trade Documents Act 2023

A bright spot in the landscape is the introduction of the Data (Use and Access) Act 2025. This legislation is a critical enabler for the Master Key vision.

The Act establishes the legal framework for Digital Verification Services (DVS). It creates a 'trust framework' that allows private sector providers (like Xero, banks or ID tech companies) to offer certified digital identity services that the government will accept. This moves the UK away from a government-monopoly model of identity toward a federated market model.

Crucially, the Act enables Smart Data schemes. Building on the success of Open Banking, these schemes allow businesses to securely share their data (such as supply chain history or energy usage) with third parties. A Unique Business Identifier is the linchpin of Smart Data; without a secure way to identify the business and authorise the data transfer, the Smart Data ecosystem cannot function.

Furthermore, the UK has already taken a world-leading legislative step with the Electronic Trade Documents Act 2023. This Act gives electronic trade documents (such as bills of lading and promissory notes) the same legal standing as paper documents, provided they exist within a reliable system.

This legislation has the potential to revolutionise trade, removing the need to fly paper documents around the world. However, it relies entirely on digital identity.

To transfer control of an electronic document, a business must be able to digitally sign it and prove its authority. A ubiquitous Unique Business Identifier would supercharge the adoption of this Act, allowing even the smallest British exporter to trade digitally with the same speed and legal certainty as a multinational corporation.

3.4. Companies House reform

Recent legislation has also empowered Companies House to become a more active gatekeeper, requiring identity verification for all new and existing directors. This is a vital step in cleaning up the UK's corporate register. However, currently, this verification is a static check. The opportunity lies in turning this verification into a portable credential with a digital badge that a director can take with them to open a bank account or sign a contract, rather than just a tick-box exercise for compliance.

Expert insight – Daniel Woolf, head of policy and government relations, Enterprise Nation

"Small business owners do not struggle with the idea of logging in, they struggle with everything that comes after. They need to hand tasks to an accountant, a bookkeeper or a colleague, and too often the only workable option is sharing a password. If One Login becomes the front door for business services, delegation has to be built in properly. A Unique Business Identifier, backed by reusable verified credentials, would let businesses prove who they are once and then get on with the job."

4. International best practice: The global context

Case study: Singapore's CorpPass

- The mechanism: A single corporate digital identity for G2B transactions.
- The result: Facilitates over 250 government services. Businesses log in once to manage taxes, visas and licences.
- Key lesson: Centralising the ID eliminated the need for multiple department-specific logins.

Case study: New Zealand's NZBN

- The mechanism: A unique identifier assigned to every business, including sole traders, linked to core business information.
- The result: High private-sector adoption. Businesses use the NZBN to auto-populate invoices and supplier forms.
- Key lesson: The value lies in interoperability with the private sector, not just government reporting.

Case study: Australia's ABN

- The mechanism: A single 11-digit identifier issued to every trading entity (from multinational miners to freelance designers). The 'No ABN, No Pay' rule means that if a supplier cannot present a valid ABN, the payer is legally required to withhold the top rate of tax of the payment for tax.
- The result: Near-universal use in commerce. The 'ABN Lookup' tool is now the backbone of Australian commerce, used over 1.1 billion times in the last ten months to verify trading partners.
- Key lesson: Universal coverage (including sole traders) creates a network effect that benefits the whole economy, not just limited companies.

Expert insight – Kate Hayward, managing director, Xero

"The digital drag on small British businesses is real, but solvable. International examples show that when you get the digital identity layer right, you unlock a wave of automation - from instant supplier verification to seamless eInvoicing. For the UK, a Unique Business Identifier isn't just about better bureaucracy; it's a critical infrastructure project for getting small businesses paid faster and growing again."

5. The economic case: Why now?

Adopting a Unique Business Identifier is an urgent economic necessity. The cost of inaction is measured in billions of pounds and thousands of failed businesses.

5.1. Unlocking up to £4.8 billion in value added

The headline figure from the City of London Corporation and CFIT is stark: a scalable digital verification service could unlock £4.8 billion in economic value by 2030.

This value is derived from three primary sources:

1. Productivity gains: Reducing the time SMEs spend on manual form-filling and identity proofing. If every SME saves just one day a year of admin time, the aggregate gain is colossal.
2. Fraud reduction: Mitigating the losses from economic crime.
3. Faster access to finance: A Unique Business Identifier allows for 'perpetual KYC'. Instead of a bank taking weeks to verify a business for a loan, they can do it in minutes. This velocity of capital is crucial for growth. CFIT's pilots have demonstrated that standardised Digital Company ID can slash onboarding times, enabling lenders to deploy capital to viable businesses when they need it most.

5.2. Fighting the epidemic of economic crime

The UK faces an epidemic of economic crime. The lack of a robust, verifiable business identifier is a gift to fraudsters.

- Clone firms: Criminals use public data from Companies House to set up fake websites or bank accounts in the name of legitimate businesses. A Unique Business Identifier with cryptographic proof would make this impossible, as the fraudster would not possess the legitimate business' private keys.

- Invoice fraud: A common scam involves criminals intercepting email invoices and changing the bank details. In a system where eInvoices are routed via a Unique Business Identifier (as in the New Zealand model), the invoice is signed by the sender and delivered directly to the receiver's software. The provenance is guaranteed – if the digital signature doesn't match the Unique Business Identifier, the system rejects the invoice.

5.3. Solving the late payment crisis

Late payments can be a matter of life and death for SMEs. The FSB and Enterprise Nation have long campaigned on this issue, noting that late payments destroy up to 14,000 small businesses each year. A significant cause of late payment is not malice, but administrative error. Invoices are sent to the wrong person, missing purchase order numbers, or contain incorrect details.

Unique Business Identifiers could enable automation to solve this: Recipients could set up rules such as: "If an invoice comes from a supplier with a verified Business ID and matches a Purchase Order, approve it for payment automatically."

Expert insight – Leon Ifayemi, director of coalitions and research, CFIT

"Coupled with emerging technologies, and trusted source data, Unique Business Identifiers have every potential to deliver compliance, convenience, and safety benefits to businesses and consumers alike. It will deliver a safe and secure means for companies to trade and enable them to retain key corporate information in one place, ensuring they retain control. The Data Use and Access Act is enabling this."

6. Recommendations: A blueprint for the Master Key

To realise this vision, the government must move beyond piecemeal digitisation and assemble the components of a true Master Key architecture. This must work for every business structure, from the limited company in London to the sole trader plumber in Leeds.

Recommendation 1: Forge the key

The Master Key relies on a single source of truth. Currently, sole traders register with HMRC, while limited companies register with Companies House. These lists do not talk to each other.

- Action: The government should use the Data (Use and Access) Act 2025 to mandate a federated index. When a business updates their details with HMRC or Companies House, that data must propagate across government.

- The benefit: A sole trader moving house should only need to turn the key once to update their tax, local authority licensing and VAT records simultaneously.

Recommendation 2: The Digital Keyring (One Login for Business)

A physical key needs a hand to hold it; a digital key needs a wallet.

- Action: Accelerate the GOV.UK One Login roadmap to support business delegation. The system must allow a business owner to hold the Master Key in their One Login wallet and issue Guest Passes to their accountant or staff. This is made more urgent by the WebFiling change from 13 October 2025, including the end of shared WebFiling access.
- The benefit: This kills the insecurity of password sharing. The business owner retains the Master Key, granting temporary access to others without ever handing over control.

Recommendation 3: Unlock the economy

A Master Key that only opens government doors is helpful, but one that can open access to banks and supply chains too is invaluable.

- Action: Legislate for Business Attribute Exchange standards. Ensure that the digital credentials held in the government wallet are interoperable with the private sector.
- The benefit: A business applying for a loan can use their Master Key to instantly share verified accounting data with a bank. No paper, no weeks of delay – just a digital handshake that unlocks capital.

Recommendation 4: Co-design the Master Key with SMEs

This infrastructure must be built around the user, not the bureaucracy. We urge the government to accept our offer of collective expertise and access to millions of SMEs to assist in this co-design process.

- Action: Establish an SME Industry Council to co-design a Non-Destructive Transition Roadmap. The architecture must be backward compatible: it should overlay existing legacy identifiers (CRN, VAT) rather than forcing an immediate rip and replace.

- The benefit: Existing businesses can transition voluntarily at their own pace, driven by the utility of the system rather than a mandatory cliff-edge switchover.

Conclusion: Turning the key

The digital drag on Britain's economy is not a law of nature; it is a design flaw. We have built a digital economy on the foundations of an analog bureaucracy. By combining a single Unique Business Identifier (the foundation) with GOV.UK One Login (the infrastructure) and Verified Credentials (the utility), we can fix this flaw.

We have the opportunity to move from a world of passwords, paper and credential sharing to a world of cryptographic trust and automated commerce. But timing is critical. We must build this Master Key before we finish the Front Door of Single Sign-On. We can secure our supply chains, slash fraud and give 5.7 million business owners their most valuable resource back: their time.

This infrastructure cannot be built in a Whitehall silo. The private sector stands ready to co-design these rails, bringing the voice of millions of SMEs into the room to ensure the system works for the shop floor, not just the server room.

The technology is ready and the international precedents are clear. With a £4.8 billion economic prize at stake and the 2029 eInvoicing mandate approaching, the timing is critical. We have the tools to unlock this value; now we simply need the political commitment to turn the key.