

# Variable Recurring Payments (Non-Sweeping) Working Group

## Terms of reference

### **Joint Regulatory Oversight Committee**

June 2023

## Background and objectives

1. Promoting additional services, using non-sweeping variable recurring payments (VRPs) as a pilot, is one of the five key themes identified in the roadmap published by the [Joint Regulatory Oversight Committee \(JROC\)](#) in its recommendations.
2. There is broad industry consensus that a standardised set of principles will be required to make non-sweeping VRPs a reality, especially to ensure consistent customer protection, prevent market fragmentation and put in place a scalable operational framework and commercial model that incentivises further innovation. To that end, the JROC will work with ecosystem participants, including business and consumer representatives, to develop a multilateral agreement for non-sweeping VRPs, that will be used as a pilot for future multilateral agreements.
3. As part of this work, a regulator led VRPs Working Group (VRPWG) will be established by June 2023. The VRPWG will develop a blueprint for the implementation of non-sweeping VRP by the end of September 2023. We expect this to enable a phased roll-out of non-sweeping VRP which starts before the end of this year.

## Composition and structure of the VRPWG

4. The VRPWG will be chaired by the PSR.
5. The Chair will:
  - approve VRPWG members upon nominations by ecosystem institutions as per section 5 and 6
  - approve VRPWG sub-groups upon recommendations by members
  - convene and facilitate VRPWG meetings
  - agree VRPWG work programme with members, including the formation of sub-working groups for specified purposes
  - provide monthly progress updates to JROC
  - review and approve VRPWG outputs and ensure the work is delivered within the established timeline as per sections 17 below
  - make decisions in relation to the working group deliverables being made to JROC
6. The VRP WG's membership will reflect the ecosystem and comprise:
  - at least seven industry representatives, ensuring a fair representation of views across ASPSPs and TPPs, including representation of size of enterprise and open banking activities
  - an Open Banking Implementation Entity (OBIE) representative
  - a Pay.UK representative
  - two business representatives (including at least one utility company representative)
  - two consumer experts and/or consumer groups representatives

- JROC members (on a voluntary basis)

**7.** Members will:

- commit sufficient time and resources to develop and deliver VRPWG activities and outputs
- if asked, join or lead a specific sub working group and to deliver the work as agreed with the Chair
- draft and deliver against a work programme based on the Chair's steer / guidance within the agreed timeline as per sections 14-17 below
- identify potential regulatory actions that may be required to support the working group objectives
- support the Chair in preparing a monthly update for JROC
- draft a final report for JROC that will contain all elements identified in paragraphs 15-16 by end of Q3

**8.** Members must commit to support the objectives, deliverables and meet associated timescales of the VRPWG, including through their own resources where appropriate to develop proposals, including, but not limited to, legal support or business architects.

**9.** Members may delegate, on an exceptional basis, attendance to a nominated deputy. Where attendance is delegated, the member is responsible for ensuring the deputy is appropriately prepared.

**10.** **Additional subject matter experts** may, where relevant, be invited by the Chair to participate in meetings.

## Composition and structure of subgroups

**11.** Subgroups will be set up to deliver key outputs which will be presented and discussed at the VRPWG.

**12.** Subgroups and composition will be agreed at the first VRPWG in June.

**13.** The Chair will present a proposal for subgroup topics at the first meeting, in line with the areas outlined in paragraph 15.

## Outputs and timeline

**14.** The VRPWG will deliver a blueprint for implementing non-sweeping VRP.

**15.** The blueprint will include:

- the scope of the work and identification of 'low risk' use cases
- a set of functional requirements to support the intended scope with next steps, owners and timelines
- specific recommendations for the customer protection requirements for "low risk" VRP with next steps, owners and timelines

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- specific recommendations for the implementation of a commercial model with next steps, owners and timelines and consideration whether the commercial model would apply to use cases beyond VRP
  - a view on whether regulatory intervention is likely to be required in order for the outlined next steps and timelines to be met by the identified owners
- 16.** Proposals should also capture dissenting opinions that will allow for a robust and informed decision as to next steps for non-sweeping VRP.
- 17.** The outputs detailed above are to be delivered in a report to JROC by the end of September 2023 with a first draft of the report to be submitted to the Chair in August. To enable timely progress, the working group is expected to hold its first meeting in June 2023.

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