

VRP Working Group – Blueprint

December 2023

This report represents the collated views arising from the VRP Working Group process and not that of any individual person or company except where stated otherwise in the report. The nature of the process and the timelines for completion are such that it may not have been possible to reflect all views to the fullest extent possible. One constraint noted was that limited time was provided to firms to review a draft document.

A member of the working group has engaged with their legal team on the content of the Blueprint document and their views are reflected in it. We assume that a central legal view will also be undertaken by the regulator.

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1 Executive Summary

The roadmap published by the Joint Regulatory Oversight Committee (JROC)¹ in April 2023 included an action to “Draft a delivery plan and framework to enable a phased roll out of non-sweeping VRP”.

To achieve this JROC set up a working group (“the WG”) and three sub-groups (“SG”)s to develop a blueprint for implementing non-sweeping VRP (referred to as “commercial VRPs” or “cVRPs” in the rest of the document). The WG and SGs were asked to:

1. Identify use cases which should be included in a “Phase 1” roll-out
2. Define the set of functional, customer protection, and commercial model requirements needed to support this roll-out
3. Recommended actions (and identify an owner for these actions) to be taken forward to meet those requirements

The working group and sub-groups comprised of representatives from ASPSPs, PISPs, card schemes, trade associations, businesses that might use cVRPs, a payment system operator, a central standards body, and a consumer representative to ensure good coverage of the overall market, recognising that not all market participants were engaged in the group. The WG and SGs were also complemented by a Business Panel, where emerging ideas could be tested with potential adopters of cVRPs.²

Use Cases

In order to support the development of this new payment capability it was suggested that any pilot should start with use cases that presented low risk from a consumer protection perspective. The WG considered a range of use cases and a survey of WG members indicated that low risk use cases could include payments to regulated financial services firms, payments to regulated utilities and payments to the government. There was general agreement that the pilot should start with these ‘core’ use cases, with ‘e-commerce’ being a “stretch” use-case. The Consumer Protection SG undertook analysis to validate the risk profile of different business models within these use cases and generally concluded that the core use cases identified above were the lowest risk. However, the consumer protection SG agreed overall that some financial services use cases, such as purchase of unregulated investments, posed high risk. There was a difference of views as to whether debt repayment should be considered low risk.

A number of WG members felt that certain e-commerce use cases also presented low risk and should be included in the pilot – particularly given the existing appetite for this new payment solution amongst e-commerce businesses.

1 [Recommendations for the next phase of open banking in the UK \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/123456/Recommendations_for_the_next_phase_of_open_banking_in_the_UK.pdf)

2 Details of the membership of the WG and SGs can be found in the Appendix

Customer protection objectives for cVRP

The WG and SGs considered what was needed to protect and reassure consumers, to promote trust and adoption of the new payment method: and agreed on the following objectives:

1. Consumers should understand that they are signing up to a recurring payment, the key terms and protections and be given the information and tools they need to understand, manage and cancel their payments.
2. Dispute resolution processes should be clear, efficient and easy for consumers to access, and where appropriate, consumers should be refunded in a timely manner.
3. Liability arrangements between participants including billers³ should be clear and provide strong incentives to prevent problems from occurring and to prioritise consumer redress.
4. Consumers are protected when using cVRPs with pilot participants including billers implementing all relevant regulations and guidelines for consumer protection, including the Payment Services Regulations, the Consumer Duty and relevant vulnerability guidance and regulators monitoring and mitigating risks to consumers. Billers will need to abide by their relevant consumer protection requirements.

Specific recommendations to support roll out of cVRPs:

Develop a framework to facilitate the cVRP Pilot which should include:

- An agreement to how the product is used and communicated to customers (this may be specific, or generic supplementing existing regulatory obligations)
- An agreement between pilot participants, including billers, around how to deal with each other when something goes wrong during the cVRP Pilot (including roles and responsibilities for disputes and liability)
- An approach to ensure Regulators are appropriately informed of progress, learnings and insights from the VRP Pilot
- Note, the functionality SG determined that the existing VRP functionality (i.e., APIs implemented by banks for sweeping), was suitable to support the cVRP Pilot without further enhancement.

³ Businesses or government departments receiving funds from a cVRP are often referred to as merchants or service providers or billers (as they bill their clients). For simplicity the generic term biller is used in this report

Develop an approach to scale cVRPs to a wider set of use cases. The WG did not come to a conclusion on exact nature of the approach needed and how it can be achieved but considered that it may include considerations of the following:

- Enhancements in the operation and functionality of VRPs. Including:
 - Implementation of learnings from the VRP pilot regarding consumer protection and adoption (e.g., possible need for more consistent language/user experience/guidance)
 - Development and implementation of rules for amending of cVRP mandates, if deemed necessary
 - An ability to support bulk switching consents when a biller either switches banks or switches PISP
 - Enhancements to ensure information about cVRP payments and mandates is clear and understandable in both banking Apps (e.g., dashboards) and in bank statements
 - Operational obligations on participants, including billers (e.g., notifications, naming conventions, dormancy rules etc.)
 - Introduction of any necessary additional customer protection measures

Leverage any enhancements in wider open banking payments capabilities. This could include:

- Enhancements in error codes and payment status
- Development and adoption of TRIs
- Adoption of a standardised dispute management system / process

Leveraging any enhancements in underlying payment systems when available

- Use of an indicator to monitor impact of VRPs on the Central Infrastructure (e.g., alongside Standing Order Processing)
- Enabling consumers to use the Current Account Switch Services to move their VRP mandates automatically when they switch banks
- Provision of final payment status in the New Payments Architecture

Taking forward the pilot

Members of the WG and the SGs proposed giving responsibility for designing and shaping the pilot framework to Open Banking Limited (OBL) working closely with pilot participants. It was noted that there may be constraints relating to Governance and funding of OBL that would need to be addressed by JROC before OBL could take up this role. Any organisation or organisations tasked with progressing the pilot framework or other activities will need to be resourced appropriately and have the appropriate governance in place, ownership of actions may evolve with progress and interdependencies will need to be appropriately managed.

Before the future regulatory framework is in place JROC will also need to take a formal oversight role for the pilot and approve the plans and activity developed by OBL and ensure that they are in the best interests of consumers and meet the objectives of the JROC.

Scaling of cVRP beyond the pilot should be taken forward by the Future Entity working with industry participants and end user representatives once it is in place.

It was also noted that work is being done by a group of TPPs and banks, facilitated by UK Finance to develop standard contractual clauses for cVRP, and if this work involved end user representatives that this work could helpfully feed into the development of the cVRP framework.

The WG agreed that OBL and subsequently the FE should liaise with stakeholders and regulators to facilitate the development of cVRP, conduct consumer research, monitor risks to consumers, draft standards and, where appropriate, ensure consistent implementation across the ecosystem.

The WG also note that JROC would need to ensure any organisation given responsibility for developing the framework involved sufficient end user, ASPSP, TPP and biller representation and acted in the best interests of consumers.

Specific recommendations for the development of a viable implementation of a commercial model

Members declared a strong appetite to develop a robust commercial model that could deliver an ambitious vision for cVRPs. To create a robust foundation to deliver this new capability it was agreed that all parties would need to adhere to the open banking standards, and access to cVRP APIs would be underpinned by a contractual relationship between ASPSP and PISP. All parties were aligned on the need to create a model for cVRPs that would achieve critical mass across the different players in this ecosystem: consumers, billers, PSIPs and ASPSPs.

There were however divergent views on the best way to achieve this ambition. The SG identified a range of options for JROC to consider:

1. Regulator directly mandates commercial framework itself;
2. Regulator legally obliges another party (e.g., OBL or Future Entity) to develop commercial framework;
3. Regulator sets broad expectations of industry – identifies preferred party to lead on development of commercial framework; regulator monitors and considers further intervention if progress stalls (This is broadly the SPAA approach – ERPB (chaired by the ECB) identified EPC to be the lead entity to develop);
4. Regulator sets broad expectations of industry – leaves industry to identify preferred party to lead on development of commercial framework; regulator monitors and considers further intervention if progress stalls;
5. No regulatory involvement, leave to market to develop.

2 Introduction

Open banking payments are when PISPs initiate payments on behalf of their customers using open banking APIs. In 2022, a new capability was added, variable recurring payments, and a number of firms were required to introduce this capability for the purpose of Sweeping.⁴ Sweeping is the automatic movement of funds from a current account into another account belonging to the same customer to support current account competition, allow customers to earn more interest on their balances or to be able to access lending as an alternative to overdrafts.

What is a VRP?

A Variable Recurring Payment (VRP) is an innovative payment capability where a customer gives permission to a PISP to initiate a series of payments from their current account. The customer sets /agrees certain parameters for this permission such as the total value in a given time period such as per day/week/month/year. This payment permission may be enduring or have a fixed duration.

VRPs can be viewed in “dashboards” so customers should be able to see at their ASPSP and their PISP details of the VRP permissions they have granted.

The requirement to set payment parameter(s), offer dashboards and the ability to have a time limited permission enables VRPs to provide consumers significantly more visibility and control over payments from their current account compared to existing solutions such as Direct Debit or Continuous Payment Authority on Debit Cards. A customer can normally stop VRPs being made right up to the moment the PISP initiates a payment.⁵

JROC brought together a working group of industry participants, businesses and consumer representatives to determine how to develop VRPs to support use cases beyond sweeping – for example, paying bills and making purchases. The framework to support the expansion of VRP into new use cases was intended to also act as a pilot for the development of broader Premium APIs.

The WG and SGs looked at the suitability of the existing VRP capability and its use within the regulatory framework for use cases beyond Sweeping. They were tasked with identifying any functional or consumer protection gaps, and how cVRP could be launched in a phased way – by limiting its use to certain types of businesses initially (the cVRP Pilot) – while these gaps are being addressed by industry.

4 More details on the different use cases that fall under the definition of Sweeping can be found here: <https://openbankinguk.github.io/knowledge-base-pub/standards/general/vrp.html#where-can-we-find-the-definition-of-sweeping>

5 If the customer revokes access with their ASPSP using the VRP access dashboard.

The working group assessed the suitability of four use cases for the cVRP Pilot:

- Payments to regulated financial services firms
- Payments to regulated utility companies
- Payments to government (central and local)
- E-commerce payments

The results of this analysis are summarised in the next chapter, but overall, it was found that accommodating e-commerce in the VRP framework would require more ‘uplift’ than accommodating financial services, utilities and government. This was not unanimous, and some members felt that there were low risk use cases that would have wide appeal outside of the first three use cases.

However, for all use cases, there will need to be some development to deliver a VRP Pilot and then to scale to a wider set of use cases.

This blueprint summarises the issues identified, and proposes actions to address the issues, both short term – ahead of the VRP Pilot, and longer term to enable the scalability of VRP.

The group were also tasked with determining how cVRPs could be brought to market on a commercial basis. There were a plurality of views on how to achieve this, and the various views are summarised in this report.

The blueprint is divided into four main sections:

- **Determining suitable uses cases for pilot**

Summarises the discussions around which markets should be target for the VRP Pilot

- **Building trust in variable recurring payments**

Discusses the working group’s proposals for how cVRP can be developed (in both the short and long term) to ensure consumers fully understand how to use VRP, and their rights and responsibilities in relation to the new payment method

- **Addressing functional gaps**

Looks at technical and functional gaps identified with the current VRP standards, including where these impact consumer understanding and control of VRP – and proposes both short term and long term actions to address the gaps

- **Developing a commercial model**

Provides an overview of the discussions to achieve a sustainable commercial model for cVRPs.

3 Determining suitable use cases for pilot

Enabling VRPs as an alternative payment mechanism could offer a range of potential benefits to consumers such as:

- Giving consumers greater visibility and control over their regular payments and helping them manage their money, for example seeing the VRP mandates on their banking app and being able to stop a VRP being made right up until when it is initiated
- Helping consumers save money and reducing the poverty premium by offering alternative payment methods for those who struggle with Direct Debits
- Helping consumers improve their financial resilience by enabling propositions which support them making long-term investments and pension provision
- Enabling more flexibility in loan repayments by making over payments easier (within the consent parameters, and subject to the loan agreement) resulting in credit costing less overall, or by reducing payments (in dialogue with the lender) to avoid bank charges that would have been incurred

Developing these services may require appropriate standards to be implemented and also for incentives on billers, banks and PISPs to develop and offer these services to consumers, including designing services for vulnerable consumers. There will also need to be high standards of consumer protection which monitor and mitigate any emerging risks for consumers.

However, there was a generally held view that new developments need to be carefully considered and the WG and SGs considered which use cases should be considered as part of a VRP Pilot.

3.1 Approach to determining candidate use cases

For the pilot the WG agreed to focus the blueprint development on three “core” and one “stretch” candidate cVRP use cases:

“Core” use cases: Payments to

1. Payments to utility companies,
2. Payments to regulated financial services firms, and
3. Payments to central and local government

“Stretch” use case:

4. Payments for e-commerce

The WG’s identification of these use cases was based on the primary criteria of minimising the risk of consumer harm during the pilot period. The three “core” use cases were considered to be of particularly low risk due to sector-specific regulation that provided

consumer protections in addition to those provided in other sectors. While e-commerce was recognised as presenting more complex consumer protection considerations, it was identified as a “stretch” case given the significant market size and potential for end-user benefit the sector represents providing appropriate consumer protections are in place.

Following identification of the candidate use cases, each of the SGs were tasked with considering the implications of the different pilot use cases from their specialised perspectives. This was undertaken from the perspective of potential usage of VRPs in both payer-in-context/“1-click” and payer-out-of-context/recurring payment usage scenarios (where relevant, issues unique to these different usage scenarios are called out in subsequent sections). Consideration was also given to relevant input received from the Business Panel regarding the candidate use cases.

3.2 Views on candidate use cases

3.2.1 Consumer protection subgroup

“Core” use cases

There was broad agreement across the subgroup that the three “core” use cases would be low risk and therefore would be suitable candidates for a pilot from a consumer protection perspective.

There were however different views regarding some specific financial services use cases:

1. Using VRPs for the repayment of debt; and
2. Use of VRPs by regulated financial services firms to make contributions to unregulated investments.

Using VRPs for the repayment of debt.

The consumer representative felt that that using cVRPs for repayment of debts, (particularly when used in combination with AIS data accessed through Open Banking) posed a higher risk of consumer harm and cited an example where harm had occurred such as in provision of high-cost credit. This lender was not using VRPs, but CPA on a debit card as the payment mechanism. In the view of the consumer representative, there was clear evidence that a failure to monitor and mitigate risks associated with lending products using open banking data had caused significant harm to consumers. The consumer representative believed that there should be no use of VRPs for debt repayment until there was a clear understanding of why the harm had occurred and what changes were necessary to FCA rules and the practices around monitoring risks associated with products and services using open banking to prevent similar harm from occurring.

Other sub-group members acknowledged this risk existed but felt that the issue highlighted was around the conduct of a specific firm and part of a high cost credit proposition rather than being related to the payments capability. Others felt that using VRPs for repaying mortgages or loans would not expose customers to any incremental risk of harm. A number of firms indicated a willingness to exclude high cost credit from the cVRP Pilot.

Given this difference in views, no firm conclusion was made as to whether repayment of debt should be in or out of scope for the VRP Pilot.

The consumer representative suggested that one possible way forward would be for JROC to commission an independent review into events surrounding the failure of the provider using Open Banking to provide high-cost credit and other practices around the use of Open Banking in the lending market to determine what changes to rules might be necessary to prevent harm to consumers.

Use of VRPs by regulated financial services firms to make contributions to unregulated investments

The consumer representative also raised issues surrounding the consumer protection risks of VRPs being used by regulated financial services firms to make contributions to unregulated investments. The consumer representative cited examples where an FCA regulated firm had been involved in the distribution chain for unregulated investments. This firm had received payments which were then subsequently invested into unregulated investments. In the view of the consumer representative there was a clear risk of harm and the pilot should not include a use case where the ultimate destination of the VRP was an unregulated investment.

Others agreed that contributions to unregulated investments should be excluded from the VRP Pilot and there was widespread support for excluding contributions to unregulated investments from the pilot.

“Stretch” Use Case

Using VRPs to for e-commerce payments

There was strong appetite among some members to support the use of cVRPs in e-commerce and the sector was generally recognised as representing a significant opportunity due to its size.

Some members also argued that e-commerce covered a very wide range of industries⁶ and use cases, of varying levels of consumer protection risk that depended on a range of specific factors (e.g., biller size, pre vs post payment for goods and services, biller consumer protection policies etc), and that some types of e-commerce use case were of low overall consumer protection risk.

Other members position was that there may be low risk use cases within e-commerce but the breadth of potential market meant that the associated range and types of consumer risk was large. An example would be purchase risk where the biller fails to fulfil their contract for specific goods or services. The level of purchase risk varies and is impacted by a number of factors including: the nature of the counterparty; the potential for issues/disputes around the quality of the goods or service; the timing of delivery of goods or service; specific insurance programmes such as ABTA or ATOL.⁷

6 Under the JROC taxonomy of possible VRP use cases, “e-commerce” essentially covers all other potential sectoral use cases of cVRPs (in both a payer-in-context/one-click and payer-out-of-context/recurring context) outside of the utilities, regulated financial services, and government sectors.

7 ABTA stands for the Association of British Travel Agents, while ATOL stands for Air Travel Organiser's Licence. ABTA only covers trips that involve trains, cruises and car travel when a provider goes bust or has mis-sold to you – not package holidays where flights are included; this is when ATOL protection is needed.

A risk scoring exercise undertaken by the SG (based on a set of 17 illustrative sub use cases from within the broader “core” and “stretch” candidate use case categories) indicated that the overall SG sentiment was that the illustrative e-commerce use cases presented more consumer protection risk in a pilot than other use cases from other candidate categories (see box below for detail).

Consumer Protection Risk Scoring Exercise:

Members of the Consumer Protection SG were asked to rate the consumer protection risks of proceeding with the use cases in a pilot without addressing a list of different issues concerning consumer understanding, consumer control, dispute resolution, liability and general consumer protection. A simple 3 point scale was used with respondents asked to rate the consumer protection risk as high, medium or low, so this feedback should only be seen as indicative. There was a limited sample size and there were some differences in the assessment and level of risk between ASPSPs, TPPs (each of which may have commercial incentives which could flavour their views) and the consumer representative but broad agreement about the overall ranking of the different use cases. The results were also used in the consumer protection subgroup to help prompt discussions around which issues needed to be addressed before the VRP Pilot.

	Use case	Business model
More development needed to address issues and gaps	financial services	Moving funds into a fixed-rate savings account / Cash ISA
	govt	Pay HMRC
	financial services	Moving funds into a regulated investment product with a FCA regulated provider
	govt	Pay local government
	financial services	Moving funds into a FCA regulated pension product
	financial services	Moving funds into a TPR regulated pension / workplace pension
	Utilities	Payment to OFWAT regulated suppliers of water
	Utilities	Payment to Ofgem regulated suppliers of gas and electricity
	Utilities	Payment to telecoms supplier (Fixed line / Broadband / Mobile)
	financial services	Payment to regulated financial services firm for services provided
	financial services	Use of VRP for debt repayment
	ecommerce	Use of VRP for grocery delivery
	ecommerce	Use of VRP with major established ecommerce platform (with its own payer protection scheme)
	ecommerce	Use of VRP to pay for monthly music subscription
	ecommerce	Use of VRP to pay for future flight in instalments
	ecommerce	Use of VRP to pay for future package holiday in instalments
financial services	Moving funds into an unregulated investment product or with the final destination being an unregulated provider	

3.2.2 Functional Capability subgroup

Overall, no blockers were identified for proceeding with any of the candidate use cases in a cVRP pilot.

3.2.3 Commercial model subgroup

Given the commercial model SG’s focus on more fundamental commercial principles surrounding a cVRP proposition, there was limited discussion of use case specific considerations. However, as a general point, it was acknowledged that ensuring participation from a significant number of billers would be a key part of ensuring that any pilot was successful. The point was generally recognised that different use cases drive different consumer protection considerations, which in turn could impact allocations of liability for funding those protections, with associated impacts on requirements for commercial return.

3.2.4 Business Panel

Given the importance of ensuring sufficient interest from billers in participating in a cVRP pilot, consideration was given to Business Panel input that was potentially informative of biller demand for candidate pilot use cases. Key points include:

- Several members identified the importance of cost in determining their choice of support for different payment acceptance mechanisms. For recurring payment use cases, the Direct Debit scheme was recognised by several participants as being of very low cost relative to other acceptance methods. This could suggest particular challenges in encouraging pilot participation from businesses that focus on using Direct Debit for recurring payment acceptance. In contrast, the relatively high cost of card-on-file payments was recognised by several Business Panel members, indicating potentially stronger demand in alternatives for these use cases.
- The importance of appropriate consumer protections was recognised in supporting cVRP consumer adoption. However, the cost and complexity to billers involved in supporting how consumer protections are implemented in current payment mechanisms was cited as an important driver of interest in the potential of cVRP (given the potential to simplify and/or make more processes more efficient). Ensuring a pilot approach to consumer protection that is not complex for billers to support will be another important consideration in driving biller interest in candidate pilot use cases.
- For payer-in-context/"1-click" cVRP use cases, indicative strong biller interest was demonstrated in the e-commerce use case relative to other candidate pilot use cases. In a survey of Business Panel members, respondents ranked the e-commerce payer-in-context use case highest (out of the candidate use cases) in having the potential to deliver the most benefits for billers. This was elaborated on by one Business Panel survey respondent who argued "account-on-file e-commerce payments are crucial for the success of open banking as an alternative to card payments. The exclusion of e-commerce will limit the level of biller and consumer appetite for adoption. For low risk/trusted billers that have consumer protections in place low friction cVRP could offer a simple low-cost option benefiting consumers and billers."

3.3 Conclusions on use cases

Overall, there was agreement that limiting the VRP Pilot to specific lower risk use cases provided an effective way to reduce the risk of consumer harm. However, the exact way in which specific potential pilot use cases were identified and candidate firms operating within those use cases assessed was not discussed, nor who should be responsible for determining the detailed entry criteria for the VRP Pilot. Such criteria were felt to be a very important control to limit the risk of consumer harm from using cVRP.

It was noted that JROC is currently undertaking consumer research on the key consumer use cases including those aimed at vulnerable consumers which could be unlocked through Open Banking. This work may also impact considerations around which use cases should be considered for inclusion in the cVRP Pilot.

4 Building trust in variable recurring payments

This section of the Blueprint considers what needs to be done to build customer trust in cVRP as a payment method beyond sweeping.

As part of its work on account-to-account payments, the Payment Systems Regulator (PSR) has emphasised the importance of ensuring:

“Consumers are suitably protected when making account-to-account payments. All parties involved in the transaction act together to minimise payment risks, and put in place the right processes to ensure that people feel safe when using account to account payments because they know what will happen if things go wrong.”⁸

Assessing consumer protection requirements for a non-sweeping VRP pilot

Given the importance of consumer protection for developing any new payment method, the consumer protection SG was tasked with identifying consumer protection requirements for developing cVRPs. In order to do this, the group first looked at the suitability of the current VRP standards and open banking framework. This resulted in a list of ‘issues’ – which were grouped under five main ‘themes’:

- Consumer understanding
- Consumer control
- Dispute resolution
- Liability
- Regulatory framework and risk management

In this chapter, we discuss the SGs views of the identified issues under each theme and make proposals for how to address these issues.

Current legislation/regulation/FCA Rules (e.g., the PSRs and Consumer Duty) place obligations on participants on some of the issues identified below.

Note – a full assessment has not been carried out by the working group as to whether any of these issues are already covered by legislation/regulation/FCA Rules e.g., the PSRs and Consumer Duty and this will need to be done in due course. However, where we are aware that there are existing regulatory requirements that are relevant to some of the identified issues, we have called these out in each section.

8 <https://www.psr.org.uk/news-and-updates/thought-pieces/thought-pieces/unlocking-account-to-account-retail-payments-competitive-pricing/>

4.1 Consumer Understanding

Objective: Consumers should understand that they are signing up to a recurring payment, the key terms and protections and be given the information and tools they need to understand, manage and cancel their payments.

The SG identified a number of areas where the existing VRP standards and open banking framework could be further developed to ensure that consumers have a good understanding about this new way of setting up recurring payments and awareness of their rights and responsibilities when paying this way.

These were broadly related to:

- Product information
- Dashboards
- Statement Information
- Consumers awareness of how to use cVRP
- Terminology and naming convention for cVRP

Note – there are requirements that will cover some of these items in both the PSRs and Consumer Duty.

4.1.1 Product information

What is the issue?

There is currently no standardised communication template that can be used by all participants so that consumers understand what they have signed up to, the key terms, protections and cancellation rights. For DDs, consumers were generally provided with information in a document which contained some standardised consumer messages as well as common descriptions of consumer and biller rights and obligations. However, no such document exists for CPAs on debit cards.

This could help consumers understand what they have signed up to and provide them with information about the key terms, protections and cancellation rights.

It should be noted that providers are obliged to provide some of this information e.g., in their customer contract to meet the requirements of the PSRs and under the Consumer Duty.

Views of the working group

There was broad support for clear information to be given to the consumer about the key terms of the cVRP and the protections and rights under the cVRP. It was agreed that customer communication will be an important consideration, and that a consensus approach covering all use cases may be useful. It was noted that a pilot may need less prescription around messaging, and there was support by some in the subgroup for a principle-based approach to messaging in the pilot as opposed to a more prescriptive one-size fits all approach.

Some 15 members saw consumer protection risks if the VRP Pilot was rolled out without agreement on the principles on how to communicate information about this new payment method. i.e., risk that different ASPSPs and TPPs communicate differently, and consumers are confused about what the payment method is. The consumer protection risks were seen as higher for e-commerce where consumers were typically used to using card payments and might not understand that there were no equivalent protections for cVRPs.

Other points made included ensuring that communication documents were written in plain English, were accessible and took into account the needs of vulnerable consumers. The concept of positive friction which introduced friction into the journey to aid consumer understanding was also seen by some as important although it was noted that it could be both prescribed or principles-based and would need to meet existing regulatory requirements set out in e.g., the PSRs. It was also seen as important to learn lessons from other payment journeys like Confirmation-of-Payee.

Priorities for the VRP Pilot were seen to be clear communication to consumers about cVRPs and ensuring that consumers understood their cancellation rights and processes. Lack of awareness of the protections of VRPs and consumers not knowing how to cancel VRPs seen as a slightly higher consumer protection risk and a higher consumer protection risk in the e-commerce use cases.

Cancellation rights

Consumer understanding of cancellation rights and processes was rated as the most significant factor for the consumer protection risk of proceeding without being addressed. Feedback received from several working group members highlighted the importance of consumers clearly understanding their cancellation rights and how the process needed to highlight any additional action which consumers needed to undertake such as contacting the biller. Note – provision of cancellation information is already required under regulation e.g., the PSRs

It should be noted that the current regulatory framework for VRPs requires the customer to give the PISP clear, specific and informed consent, so there is already a regulatory obligation on the PISP to ensure the customer understands the recurring payment mandate they are signing up for and their ability to cancel.

Recommendations to address the issue

Action	Sequencing	Suggested Owner
Pilot participants to take into account the importance of ensuring consumers understand the payment product (already a requirement under existing regulations, including the consumer duty)	Pre-pilot	Pilot participants
Through discussions between billers, consumer reps, PISPs and banks determine if there would be benefit in standardising the key terms, protections and cancellation rights that need to be communicated to consumers when setting up a VRP and the information they need after cancelling a VRP. Where necessary develop agreed standards / principles to support pilot.	Pre-pilot	OBL UK Finance coordinated work may also inform
Consider rules or guidelines to address any further issues in the area of consumer understanding of VRPs identified during the pilot	Post-pilot	Regulators/ Future Entity
Run process to explore and implement (if justified) standardised communication template for VRPs	Post-pilot	Future Entity
Consider consumer education activity around VRPs	Post-pilot	All

4.1.2 Dashboards

What is the issue?	<p>Dashboards: Availability and effectiveness of dashboards available on the banking app / internet banking which allow consumers to understand and control VRPs</p> <p>The requirement to make a dashboard available on the banking app for VRPs and the standards set by the OBL currently only apply to the nine ASPSPs subject to the CMA Order. The extent of this practice with other ASPSPs is unclear. Some suggested that it was difficult to find where VRP payments are on the banking app – some view that they should be situated alongside standing orders and Direct Debits (OBL guidelines currently provide suggestions on how open banking dashboards should be designed). Technical difficulties mean that consumers might not always see the name of the biller on the bank dashboard.</p> <p>Consumers might not see details of VRP payments on a dashboard if ASPSPs have chosen not to implement them. For consumers to trust and adopt cVRP, they need to know how they can monitor and control their VRP payments – and they should be as easy to locate and cancel as Direct Debits and provide more visibility and control than card payments. Consumers need to be able to see the name of the biller on the bank dashboard so that they can understand and control individual VRPs.</p>
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Views of the working group	<p>Most working group members agree that bank dashboards need to be provided by all ASPSPs. It was noted that customers need to be able to access their VRP arrangements on the banking app (via so called 'dashboard'), in order to be able to understand and control them, and that dashboards should be a prerequisite for participation in cVRP.</p> <p>Most working group members agree that VRP payments should be as easy to locate and cancel as Direct Debits (i.e., situated alongside DDs and SOs in the banking app). However, two working group members noted existing guidance didn't prevent this. One noting that it was in ASPSPs interests to make control as easy for consumer as possible. The consumer representative noted that whilst all banks typically made information about DDs and SOs available on internet banking, only some banks provided information about CPAs.</p> <p>Points were also made similar to the views in the section on statement information above, where working group members believed that dashboards and statements should allow consumers to identify the name of the biller.</p> <p>There was broad agreement about the long-term need for effective dashboards, which were easy to find and use. Mixed views on the adequacy of existing arrangements and locations of dashboards. No feedback received on whether the range of information provided on dashboards needs to be enhanced for VRPs.</p>
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Recommendations to address the issue

Action	Sequencing	Suggested Owner
Pilot participants to take into account the importance of ensuring consumers can identify who they are paying in the relevant area of the bank app (e.g., access dashboard), and implement necessary changes to achieve this	Pre-pilot	Pilot participants
Develop pilot entry criteria: Enabling consumers to view and control (e.g., cancel) mandates in their bank apps will be necessary for joining the pilot	Pre-pilot	OBL with input/ oversight from JROC

Action	Sequencing	Suggested Owner
Review Customer Experience Guidelines regarding where VRPs appear on the banking app to determine if this is still suitable for cVRP and where appropriate work with participants to ensure the dashboard can easily be found or develop more prescriptive guidance if required	Pre-pilot	OBL / Pilot participants
Consider rules, guidelines or standards to address any issues in this area identified during the pilot	Post-pilot	Regulator/ Future Entity /Pay.UK
Review standards for dashboards to ensure appropriate content for VRPs and that they are easy to find and use	Post-pilot	Future Entity

4.1.3 Statement Information

What is the issue?	<p>Technical issues currently prevent information about VRP payments being displayed on bank statements that would allow consumers to identify transactions and the name of the biller.</p> <p>Providing statement information will allow consumers to identify who they are paying and that the payment is part of a recurring arrangement. This will reduce the likelihood of consumers raising payment queries with their bank.</p> <p>It should be noted that there are requirements about statement information in the PSRs.</p>
Views of the working group	<p>Most members agreed with the importance of consumers knowing who they are paying (via statements and bank dashboards). Three working group members noted there were two distinct issues: a) what appears on the statement and b) what appears on the bank dashboard.</p> <p>There were different views on whether implementation of the current approach (software statements) could solve this issue, at least for the purpose of the pilot, or a new approach needed to be developed (e.g., passing information in consent).</p> <p>A number of working group members suggested a new payment code e.g., 'VRP' (or whatever VRP is named in future) should appear on statements.</p> <p>Views on whether this issue needed to be solved for the pilot were mixed. Several working group members noted that consumer protection risks were higher for some of the use cases such as e-commerce or if the consumer was not familiar with the firm and how to contact them. Consumers may also need payment information if they have a dispute and it was also said that this was important for bank's fraud/back office capabilities in order to handle any dispute appropriately.</p> <p>Some members felt that if the pilot started in Q3 2024 then it would not be possible to address the issue before then. Others believed that it should be addressed in the pilot, even if this was through a "work-around" or wasn't through a suitable long-term solution. Others thought that it should be manageable even it wasn't addressed before the pilot started as due to the pilot's limited nature and the limited range of billers, it should be relatively easy for banks and consumers to understand who they were paying.</p>

Recommendations to address the issue

Action	Sequencing	Suggested Owner
Pilot participants to take into account the importance of ensuring consumers can identify who they have paid on their bank statement when they use cVRP and implement changes where necessary	Pre-pilot	Pilot participants
Consider rules, guidelines or standards to address any issues in this area identified during the pilot	Post-pilot	FCA / Future Entity/ Pay.UK

4.1.4 Terminology and naming convention for VRP

What is the issue?	<p>There is currently no standardisation around terminology for Open Banking payments. While TPPs appear to have developed consumer messaging for Open Banking in the competitive space, VRP is a more complex product, and may benefit from a degree of standardisation. VRPs currently lack a ‘Trustmark’ akin to the Direct Debit brand or Direct Debit Guarantee. The lack of standardised terminology or a trustmark was linked to risks around a lack of consumer understanding around the protections for VRPs and the cancellation rights and processes.</p> <p>Addressing these issues could increase trust and adoption and the need for some standardisation of terminology for cVRP should be considered. There is a risk that if VRP is referred to differently by different billers/ PISPs/ banks, it will create confusion and undermine trust in the payment method. There is limited familiarity with the abbreviation 'VRP' itself, nor is it consumer friendly. Standardisation of name and terminology could help consumers understand that they are signing up to a recurring payment. Standardisation of name and terminology can also make it easier to undertake consumer education and information campaigns.</p>
Views of the working group	<p>The majority of working group members agreed that (lack of) standardisation of language and terminology for VRP is an issue. It was noted that different terms in use (cVRP, sweeping, non-sweeping) are already causing confusion. A number of working group members (both TPP and ASPSP) made a similar point that the use of any trustmark/acceptance mark, or name would need conformance to a minimum standard, otherwise trust would be undermined. This was linked to the longer-term capabilities of the Future Entity to undertake these activities and how development of a trustmark would be funded.</p> <p>One respondent thought further work was needed on whether standardisation of terminology, language and development of a trust mark is necessary for increasing trust and adoption of VRP. It was noted that evidence from other countries suggested that common terminology and a trustmark could improve confidence and uptake of new payment methods.</p> <p>Questions were raised as to whether we were proposing a standardised name or terminology for VRP only or for Account-to-Account (A2A) more broadly and whether this was important to decide. Consumer representatives noted that a clear name would make it easier for consumers to understand that they were signing up to a recurring arrangement.</p> <p>Several working group members said that although the lack of standardised name and terminology were not seen to pose significant consumer protection risks, these issues were seen as very important for the long-term, wider adoption of VRPs.</p>

There is broad support for these consumer protection standards as long-term objectives for the implementation of cVRP and that there would be benefits from a common understanding of what VRPs are and how they work. The key issue is how they can be explored and delivered on an appropriate timescale to deliver benefits for consumers from the roll out of cVRPs, promote adoption and protect consumers.

The majority of working group members agreed that lack of standardisation of language and terminology for VRP is an issue. While several working group members thought addressing these issues was very important for the long-term, wider adoption of VRPs, there was agreement that the pilot could proceed without developing standards in this space. A divergent view was that a standardised name should be achieved ahead of pilot.

Recommendations to address the issue

Action	Sequencing	Suggested Owner
Consult and research on requirement for a standardised terminology across the ecosystem for VRP. Implement changes required	Post-pilot	Future Entity
Consult and research on requirement for a Trustmark for VRPs across the ecosystem and how this can be developed, managed and funded. Implement changes required	Post-pilot	Future Entity

4.2 Customer Control

Objective: Consumers should understand that they are signing up to a recurring payment, the key terms and protections and be given the information and tools they need to understand, manage and cancel their payments.

The Working Group identified a number of areas where existing VRP standards could be developed to enhance and standardise the level of control consumers have when using VRP, and tailor this control for payments that go beyond sweeping.

These were broadly related to:

- **Mandate confirmation** – how the mandate is communicated to the customer
- **Notifications** – the information consumers receive relating to their ongoing payments, that give them visibility of their payments so they can take action if needed
- **VRP parameter structure and set-up process** – how payment parameters are used to provide control to customers
- **Incontext payments** – how VRPs are used when the consumer is present in the payment journey
- **Dormancy** – Determining rules around unused payment mandates
- **Switching** – whether or not VRP mandates can be automatically transferred from one bank to another when a customer switches bank provider (as is the case with Direct Debits but not with CPAs on cards)

- **Balance visibility** – whether or not consumers can see their balance during the process to set-up a variable recurring payment

4.2.1 Mandate confirmation

What is the issue? There are currently no standards or guidelines around if when and how confirmation of a VRP mandate should be provided to the consumer, by the PISP after the customer has given their consent to it. As part of the authentication journey the customer will be shown the parameters when setting up a new VRP mandate.

Providing a confirmation, for example, by email, when a mandate has been authorised will reassure the consumer that their instructions have been taken, and give them evidence in case they want to dispute the mandate, or if something goes wrong. It is also an opportunity for an FAQ to be provided to the customer, about how VRP works.

Views of the working group Most working group members agreed that confirmation of mandate set-up is important to increase trust and adoption of VRP.

Two members noted that the mandate is available to reference on the bank app – so questioned the need for an additional notification.

One member agreed with the need for notifications, but suggested this responsibility at best with the PISP and the Biller to determine what's best for their customer and ASPSPs will not have control on how this is presented to customers.

Two working group members noted that additional 'customer awareness' info could be delivered to the customer alongside the notification, similar to the direct debit guarantee info.

Recommendations to address the issue

Action	Sequencing	Suggested Owner
Pilot participants should take into account the importance of ensuring consumers receive confirmation when they've set-up a mandate	Pre-pilot	Pilot participants
Consider rules, guidelines or standards to address any issues in this area identified during the pilot	Post-pilot	Future entity, or Regulators

4.2.2 Notifications for payments taken or pending under a mandate

What is the issue? There is no standardisation or guidance around whether consumers should receive notifications when a cVRP payment is due to be taken, or has been taken. Notification practices vary but there are important protections for consumers from the Direct Debit guarantee which requires notifications to be given for changes to amounts, frequency or dates.

Providing the option to receive notifications when payments have been taken or are pending will give consumers visibility of outgoings, helping with money management. It will also help consumers to spot if a payment has been taken in error, and address this with their biller.

Views of the working group Overall there was acknowledgement of the importance of notifications for some use cases, but working group members felt there would not be a one size fits all approach.

There were different views on who should notify, and the extent to which notifications should be standardised.

Bank notifications & BCOBs overdraft alerts

Two members focused on the notifications that banks would provide. It was noted that banks are already obliged to provide overdraft alerts under BCOBs. However, it was not clear whether VRPs would feed into these alerts (i.e. whether banks would have advance sight of the upcoming payments in order to provide alerts if the payment would take someone into their overdraft).

Notifications for subscriptions vs. no notifications for 'in context' payments

TPPs overall considered notifications to be important, but noted that it should be up to the TPP and the biller to determine the user experience of notifications.

A number of working group members highlighted that notifications would make more sense where VRP was being used for subscriptions (e.g. 'your subscription payment is coming up', than for where VRP was being used for 'in context' payments e.g. customer is present within the payment journey.

The Business Panel also discussed notifications and indicated that notifications was a complex area and needed to be fit for purpose, and blanket solutions could lead to notification fatigue and customers not engaging when it would be in their interests to do so.

There was also further discussion of notifications in the functionality SG, see section 5.7

Recommendations to address the issue

Action	Sequencing	Suggested Owner
Pilot participants, including billers, to take into account the importance of ensuring consumers receive appropriate notifications for payments taken under VRP mandate	Pre-pilot	Pilot participants
Consider rules, guidelines or standards to address any issues in this area identified during the pilot	Post-pilot	Future entity, and FCA (dependent on nature of learnings) Pay.UK for changes to payment scheme rules

4.2.3 VRP parameter structure and set-up process

What is the issue?

Standards for sweeping VRP have been developed to enable customers to set limits on how much money can be moved from their current account, this involves maximum amounts per day/week/month/year (PISP enables applicable time periods) and the duration of the permission (specific end time or enduring). This type of mandate set-up may not be suitable for non-sweeping where the biller may often wish to have more control over the payment amount, with the consumer having less control.

If new standards for non-sweeping mandates are not developed, there is a risk that consumers become confused about their ability to control the payment method, or that billers do not adopt VRP because of non-payment risk.

Views of the working group	<p>Most members agreed there is an issue related to how mandates are set-up and controlled 'beyond sweeping'. However, a number of members were not clear on the exact issue.</p> <p>Some members thought that current standards and customer experience guidelines on mandate set-up are sufficient for non-sweeping use, while others thought there needs to be more guidance around how VRPs can be made suitable for use with billers (who may want to control the parameters) and in use cases where limits, or durations don't make as much sense.</p> <p>It should be noted that payment parameters were developed to enable VRPs to operate within the current regulatory framework. The consumer needs to agree appropriate payment parameters to ensure they have provided clear specific and informed consent to a PISP. A significant departure from this approach may require cVRPs to be assessed as a different form of payment and so may be subject to a different regulatory regime.</p>
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Recommendations to address the issue

Action	Sequencing	Suggested Owner
Consider development of industry standards for payments parameters which enable the customer to be clear on value, frequency, range and duration of arrangement but also suit needs of billers	Post-pilot	Future entity, or Regulators

4.2.4 Incontext payments

What is the issue?	<p>One emerging model for use of VRP is 'bank account on file' where a customer will enter a mandate with an e-commerce biller. While the biller via the PISP will have the ability to take payments without strong customer authentication each time, each payment/ purchase will still be approved with the biller e.g. via a '1 click checkout'.</p> <p>There may be cases where payments are made/ taken, but the customer disputes they approved the payments (for example, if a family member has had access to the e-commerce site).</p>
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Views of the working group	<p>There were mixed views amongst working group members, with a number noting that bank account on file/ 1 click can already be achieved under existing VRP standards/ technology.</p> <p>One member suggested further guidance could support this use case for VRP, to create some consistency on how VRP payment parameters are presented in the biller space and guidelines to ensure that the customer has given clear specific and informed consent, and create an evidence basis in case a customer later queries a VRP transaction.</p>
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Recommendations to address the issue

Action	Sequencing	Suggested Owner
Consider how standards need to apply to accommodate in context payments such as bank account on file services	Post-pilot	Future entity, or regulators Pay.UK

4.2.5 Dormancy

What is the issue?	Direct Debit mandates will lapse after a period of time if not in use. Consideration was given as to whether VRP should have the same dormancy rule.
Views of the working group	<p>There were mixed views on whether lack of a dormancy rule created consumer protection issues.</p> <p>It was noted that OBL documentation already suggests PISPs should monitor for VRP consents that are dormant and remain unused, and take risk based decisions about whether to notify the customer and remove or revoke the consent.</p> <p>One respondent suggested that standards could ensure customers are promoted to re-authenticate their mandate after a period e.g. 6 or 12 months.</p> <p>The functionality SG also considered Dormancy, see section 5.7.</p>

Recommendations to address the issue

Action	Sequencing	Suggested Owner
Consider introduction of automatic dormancy rule	Post-pilot	Future entity, or regulators

4.2.6 Switching

What is the issue?	<p>VRP isn't part of current account switch service (CASS).</p> <p>Unlike Direct Debits and standing orders, VRP mandates don't switch automatically to a customers new bank account, via the current account switch service.</p> <p>Without the convenience of CASS, the long term user experience of VRP is reduced. Consumers could also experience issues, if they forgot that important recurring payments will not automatically switch, e.g. a consumers pension or mortgage contributions could go unpaid.</p>
Views of the working group	<p>Most working group members agreed that VRP payments should be part of the current account switch service, and mandates should move with customers to their new bank along with their other payments e.g. Direct Debits.</p> <p>However, most also agreed that this was a major undertaking for banks, may require regulatory changes and so would be a longer term deliverable. Suggestions included that any assessment would need to examine feasibility, risk, legal, cost/value and practical considerations.</p> <p>The functionality SG also considered Switching, see section 5.7.</p>

Recommendations to address the issue

Action	Sequencing	Suggested Owner
Consider whether VRP should be included in CASS and how, and develop long-term plan for implementation	Post-pilot	Pay.UK

4.2.7 Visibility of balance information

What is the issue?	Consumers can't always see balance in bank authentication screen, for example, when authenticating their VRP mandate.		
Views of the working group	<p>Most working group members questioned whether this issue was specific to VRP (it is a wider issue for open banking single immediate payments, which has already been investigated by OBL). One member suggested that the balance was already available through banking apps.</p> <p>It was also noted that balance is only visible in authentication journeys, so won't help for subsequent payments under the mandate – which will happen without subsequent authentication.</p>		
Recommendations to address the issue			
Action	Sequencing	Suggested Owner	
Consider long-term need for display of bank balance in bank authentication screen for e-commerce use case and where relevant for other use cases intended to give consumers more flexibility over paying different amounts subject to any relevant regulatory requirements.	Post-pilot	Future entity	

4.3 Dispute Resolution

Objective: Dispute resolution processes should be clear, efficient and easy for consumers to access, and where appropriate, consumers should be refunded in a timely manner.

The Working Group identified a number of areas where the existing open banking framework could be developed to enhance the process for dispute resolution, to ensure consumer issues are resolved efficiently and effectively.

These were broadly related to:

- the process for consumer escalation of payment issues
- Lack of a communication system between TPPs and banks for resolution of issues
- Procedures for storing information to rely upon in the case of disputes
- Procedures for refunding consumers
- Procedures to deal with purchase issues

The working group recommends that these issues and actions be incorporated into the gap analysis which OBL has been commissioned to do by JROC.

4.3.1 Consumer Escalation Routes

What is the issue? The sub-group considered that escalation routes for the consumers (in the event of issues with VRP payments) are relatively complex. Consumer can potentially escalate issues to three parties – their bank, the PISP involved, or the biller. Whilst the PSRs do contain provisions that allow customers to just contact their bank for unauthorised or incorrectly executed payments, it may not be as simple for a customer. For example a payment may be correctly executed but a reconciliation issue means the biller does not recognise receiving the funds, this could result in a poor customer outcome, so clear processes need to be defined.

N.B. this issue is not related to escalation routes for purchase issues which are considered separately below.

Views of the working group The majority of members agreed that clear escalation routes were key, with most agreeing with a dual escalation route – i.e. biller and bank. Some members emphasised that it was necessary to ensure that there was an obligation the PISP to investigate and address payment related issues when approached by the biller or ASPSP to address a customer dispute.

There was broad agreement to the need for escalation pathways to be standardised, ensuring fair allocation of responsibilities, and clearly set out in a framework for cVRP.

Recommendations to address the issue

Action	Sequencing	Suggested Owner
Pilot participants to take into account the importance of ensuring consumers are informed of who they should contact if something goes wrong with a VRP payment taking PSR requirements in regulation 76 into account.	Pre-pilot	Pilot participants
Agree principles for VRP framework re. roles and responsibilities for escalation of payment issues	Pre-pilot	UK Finance WG/OBL
Consider rules, guidelines or standards to address any issues in this area identified during the pilot	Post-pilot	Future entity Pay.UK

4.3.2 Lack of communication system

What is the issue? The working group considered that there is no standard way for sending bank and TPPs to communicate when there are issues with an open banking payment. This prevents issues being resolved for consumers in a timely manner.

As open banking and VRP moves from powering fund transfers, to paying for goods and services, there are likely to be more disputes. These need to be managed efficiently by the parties in the payment chain, including billers. This is not possible without consistent ways of communication, SLAs for resolution, and technical ways of exchanging information securely.

Views of the working group There was strong support from working group members for the development of communication pathways between the sending bank and TPP – to facilitate resolution of issues. However, at least one member reflected funding of this, and allocation of subsequent liabilities needs to be properly considered.

One member suggested looking at learnings from the failed deployment of the OBL dispute management system, and if there are any lessons which can be taken from how banks manage into issues related to disputed Direct Debits, card payments and unauthorised, or authorised payments suspected to be fraudulent.

Recommendations to address the issue

Action	Sequencing	Suggested Owner
Agree principles for VRP framework – re. communication of issues between banks and TPPs and SLAs	Pre-pilot	Pilot participants
Development of communication system between TPPs and sending banks (and other parties if applicable such as billers)	Post-pilot	Future entity
Consider learnings from OBL DMS, and investigations into disputed DDs, card payments and unauthorised, or authorised payments suspected to be fraudulent.	Post-pilot	Future entity

4.3.3 Procedures for storing information to rely upon in the case of disputes

What is the issue?	Procedures for storing information to rely upon in the case of disputes The working group considered the need to ensure that billers store documentation as evidence to help resolution in the event of a dispute subject to data protection legislation requirements.
Views of the working group	The working group agreed that such requirements could be built into the framework for non-sweeping VRP i.e. the agreement between sending bank and TPP would outline the standards of evidence to be relied upon in disputes.

Recommendations to address the issue

Action	Sequencing	Suggested Owner
Discussion between billers, PISPs and banks to determine roles and responsibilities and dispute processes to incorporate into VRP framework, subject to competition law considerations.	Pre-pilot	OBL/ UK Finance WG

4.3.4 Procedures for refunding consumers

What is the issue? The working group considered that there is a risk that consumers won't be refunded in a timely manner on the event of a payment issue, under the current open banking framework. This is because of a lack of clarity over roles and responsibilities, liability, and a lack of a common communication pathway. This means there is a risk of lengthy delays to refunds.

It should be noted that under the PSRs the obligations and timetable for refunding unauthorised or incorrectly executed transactions is clear laid out. (D+1)

Views of the working group Working group members supported developing the VRP framework to ensure timely refunds.

A number of members noted that not all refunds will be made within the D+1 timeline, e.g. the PSRs allow refunds to be delayed and issues to be investigated first if there is a reasonable suspicion of fraud and a notification is made under the Proceeds of Crime Act 2002

One member suggested SLAs were important to ensure timely refunds.

One member referenced the APP scam model being developed by the PSR and recommended that any developments to support that model were considered

Recommendations to address the issue

Action	Sequencing	Suggested Owner
Agree principles for VRP framework regarding refund responsibilities and SLAs	Pre-pilot	OBL/ UK Finance WG

4.3.5 Procedures to deal with purchase issues

What is the issue? The working group considered the lack of any VRP framework or standards for dealing with disputes about purchases.

It was noted that under current payment legislation, and VRP standards, if there is a contractual dispute with the biller about goods and services, then the consumer has no automatic refund rights that can be accessed through the banking system. The consumer would need to pursue a civil dispute against the biller under the Consumer Rights Act or rely on other sector specific protections or dispute resolution processes.

Views of the working group Working group members broadly agreed that an approach to dealing with purchase issues would be needed, in order for VRP to be used in at least some ecommerce use cases.

There was no clear agreement between working group members on what any framework or approach should look like and, what level of protection should be provided, and by who.

A number of members expressed a view that VRPs need to offer a comparable level of customer protection to that of debit cards. Others disagreed citing that Direct Debits do not offer purchase protection. Several members noted that for the VRP Pilot this may not be an issue due to the nature of the use cases.

It was also noted that purchase protection is wider issue than just VRPs and has already been considered by the strategic working group, where there were divergent views on what a purchase protection scheme should look like or its scope. During that process a variety of different models put forward for consideration including chargeback, contractual model, and industry-wide dispute resolution mechanisms.

Several working group members also gave feedback that this issue needed to be linked to the commercial model and liability models.

Recommendations to address the issue

Action	Sequencing	Suggested Owner
Consideration of purchase protection framework (this is linked to OBL workstream 3 on disputes)	Post-pilot (unless pilot is expanded to require this)	Future entity

4.3.6 Complaints forwarding

What is the issue? The working group considered whether there is enough clarity about how complaints forwarding rules will operate within VRP for financial services use cases.

Views of the working group One working group member thought more clarity was needed on what the existing complaints forwarding rules require firms to do and that there should be consideration of any specific gaps for VRPs. In their view, it was important that if consumers raised a concern or complaint with one organisation in the distribution chain then there should be clear obligations to forward on their complaint to other organisations involved if appropriate.

It should be noted that there are complaints forwarding rules within DISP.⁹

Recommendations to address the issue

Action	Sequencing	Suggested Owner
Pilot participants to take into account their legal requirements for complaints forwarding	Pre-pilot	OBL/ UK Finance WG

4.4 Liability

Objective: Liability arrangements between participants including billers should be clear and provide strong incentives to prevent problems from occurring and to prioritise consumer redress.

Consumers are protected when using cVRPs with pilot participants including billers implementing all relevant regulations and guidelines for consumer protection, including the Payment Services Regulations, the Consumer Duty and relevant vulnerability guidance and regulators monitoring and mitigating risks to consumers. Billers will need to abide by their relevant consumer protection requirements.

9 <https://www.handbook.fca.org.uk/handbook/DISP/INTRO/?view=chapter>

The Working Group identified a number of areas where the existing open banking framework could be developed, taking into account PSR requirements, to ensure liability is clear in different circumstances when cVRPs are used.

These were broadly related to:

- Payment errors
- bad actors using VRP
- insolvency

4.4.1 Payment errors

What is the issue?	<p>Risk that consumers will incur charges or other detriment as a result of payment errors</p> <p>The working group considered whether the open banking framework and standards are sufficient to protect consumers affected by payment errors, for example, if too much money is taken and they are left in financial difficulty, or incur additional charges.</p>
Views of the working group	<p>There were mixed views as to whether this was an issue. The majority of industry representatives thought that the rights to redress were already clear in the PSRs 2017. Others, such as the consumer representative, were unclear on when precisely consumers were entitled to redress and how/whether that differed from other payment methods such as DDs. The consumer representative also raised issues about the extent of redress if the flexibility inherent in VRPs led to financial difficulty for consumers.</p> <p>It was noted that we were not necessarily talking about equivalence between different payment methods or putting the differences into consumer communications, but that this was linked to requirements of the Consumer Duty.</p>

Recommendations to address the issue

Action	Sequencing	Suggested Owner
Pilot participants to take into account their legal obligations under the PSRs to ensure consumers are put right in the event of payment errors	Pre-pilot	Pilot participants
Agree principles for a VRP framework to support the VRP Pilot regarding repayment issues and roles and responsibilities	Pre-pilot	Pilot participants
Clarify the protections which consumers have for redress in the event of payment errors and whether these are the same as for DDs and card payments	Pre-pilot	FCA
Revise and enhance the VRP framework to support scalability based on learning from VRP Pilot	Post-pilot	Regulators

4.4.2 Liability for bad actors / monitoring and enforcement

What is the issue? Not currently clear that incentives of participants work to prevent bad actors entering the system / Lack of ability to monitor for bad actors and remove from system

Rules and processes which TPPs should follow regarding due diligence on billers are unclear. To create stronger incentives for TPPs to undertake strong due diligence on clients using VRP, there could be clearer liability for situations where it is determined that they have onboarded a bad actor. There is a link to the liability framework for APP fraud if VRPs are used to facilitate APP fraud.

Views of the working group There was broad agreement that this is an issue, but some dissent around the precise description and that it should be broader so that it also includes the risk management necessary to prevent malicious billers from being onboarded into VRPs. Some thought that the TPPs should be liable to provide stronger incentives against onboarding malicious billers. Some thought that TPPs already had strong incentives not to onboard malicious billers or bad actors. Others thought that liability should be placed on those best able to manage the risk and to reduce risk and cost. One respondent thought ASPSP should be liable and raised issue of liability between ASPSP/PISP also raised where the biller bank account has been provided by an ASPSP. Other respondents suggested that precise liability could have knock-on effects or be difficult to clarify in practice. There were mixed views as to whether or not this is or should be linked to the framework for reimbursement in the event of APP Fraud.

There was some discussion and broad agreement around the fact that the initial use cases already had barriers to entry as most firms would either be licensed by the utilities regulators or authorised by the FCA and therefore the risk of onboarding malicious billers or bad actors would be lower. This issue was seen as a higher consumer protection risk for the e-commerce use cases.

Recommendations to address the issue

Action	Sequencing	Suggested Owner
Agree principles for VRP framework re. liability for bad actors	Pre-pilot	OBL / UK Finance
Due to concerns around the supervision of firms with innovative solutions the consumer representative requested that the FCA publish a plan on their approach to supervising this sector	Ongoing	FCA

4.4.3 Biller Insolvency

What is the issue?	<p>Lack of protection from biller insolvency risk in some use cases</p> <p>If a biller becomes insolvent then consumers could lose money and may be unable to access redress.</p>
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Views of the working group	<p>There was broad agreement that this was an issue where clarity was needed, particularly for consumers. There was no consensus as to what the precise form of protection should be or whether VRPs needed to have the same or different forms of protection to other payment methods.</p> <p>There was also broad agreement that there was protection against biller insolvency in place for most (but not all) of the low risk use cases through requirements put in place by regulators like OFGEM and the coverage of the FSCS. The consumer representative pointed out that the FSCS did not cover unregulated investments or any of the debt repayment/consumer credit use cases.</p> <p>Biller insolvency was rated a higher consumer protection risk for the e-commerce use cases, although it was also pointed out that some e-commerce use cases also had some forms of insolvency protection through procedures like ATOL.</p> <p>Several working group members also gave feedback that this issue needed to be linked to the commercial model as any liability framework in this area would impact on the pricing of VRPs.</p>
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Recommendations to address the issue

Action	Sequencing	Suggested Owner
Agree principles for VRP framework re. liability in case of biller insolvency for VRP Pilot	Pre-pilot	OBL / UK Finance
Risk assessment of biller insolvency for low risk use cases	Pre-pilot	Regulator
Develop long-term liability arrangements which are clear and provide strong incentives to prevent problems from occurring and pay redress to consumers where appropriate including for e-commerce	Post-pilot	Future Entity

4.5 Regulatory framework and risk management

Objective: Consumers are protected when using cVRPs with pilot participants including billers implementing all relevant regulations and guidelines for consumer protection, including the Payment Services Regulations, the Consumer Duty and relevant vulnerability guidance and regulators monitoring and mitigating risks to consumers. Billers will need to abide by their relevant consumer protection requirements.

What is the issue?

General Consumer Protection issues

There are a range of possible issues and concerns that were raised. These included a lack of clarity around who has oversight for monitoring and mitigating consumer risks in VRPs, responsibility for crisis management and obligations to report operational incidents. There are existing PSR requirements and FCA requirements in line with all other payment types but the following issues were raised:

- Clear responsibilities for monitoring and mitigating risks to consumers from cVRPs
- Effective crisis management / operational resilience arrangements
- Obligations to report operational incidents
- Fraud prevention and reporting of fraud risks / data
- Application and responsibilities under the Consumer Duty are clear
- Standards which help/protect vulnerable customers when accessing and using cVRPs although it was noted there is existing FCA guidance which may also assist.
- Arrangements which ensure continuity of service / protection of money when PISPs fail

Views of the sub- group

There were mixed views as to whether these were issues or not and some agreement around the importance of monitoring and mitigating risks to consumers although the majority who expressed an opinion said that these issues were not unique to VRPs and should be considered as part of the Future Entity working group. Some thought that these issues should be addressed by the FCA, but others noted the overlapping regulatory roles for Open Banking.

Several SG members thought that VRP Pilot guardrails should be established which would cover some of these issues and/or that MLAs should address issues like data/risk/fraud reporting. Other issues such as arrangements to ensure continuity of service and protection of money were seen as longer-term issues which were more clearly within the remit of the FCA.

Given the mixed views and the wider application of these issues, it would not be possible to put in place long-term arrangements to tackle these issues before the VRP Pilot. As the Future Entity would not be in place before the pilot, if it was believed that any additional action (beyond business as usual) was necessary to protect consumers then these would need to be put in place as part of the pilot arrangements.

Recommendations to address the issue

Action	Sequencing	Suggested Owner
Allocate clear responsibility for monitoring risks to consumers as part of the pilot	Pre-pilot	Regulators / OBL
Consider data/risk/fraud/operational incident reporting issues/standards which need to be in place for the pilot and the governance around these standards in addition to current regulatory obligations.	Pre-pilot	Regulators / OBL
Consider the application of the Consumer Duty to the VRP Pilot and seek clarity on any uncertain issues, and ensure payment parameters are set to enable the customer to be clear on the terms of the payment arrangement.	Pre-pilot	Pilot Participants
Submit the views around potential standards and capabilities to the Future Entity working group to ensure that these views are taken into account when considering the capabilities and governance of the Future Entity.	Pre-pilot	All
Ensure appropriate arrangements for continuity of service and protection of money when PISPs fail.	Post pilot	FCA

4.6 Summary conclusions

The customer protection working group identified four core objectives during discussions:

1. Consumers should understand that they are signing up to a recurring payment, the key terms and protections and be given the information and tools they need to understand, manage and cancel their payments.
2. Dispute resolution processes should be clear, efficient and easy for consumers to access, and where appropriate, consumers should be refunded in a timely manner.
3. Liability arrangements between participants including billers should be clear and provide strong incentives to prevent problems from occurring and to prioritise consumer redress.
4. Consumers are protected when using cVRPs with pilot participants including billers implementing all relevant regulations and guidelines for consumer protection, including the Payment Services Regulations, the Consumer Duty and relevant vulnerability guidance and regulators monitoring and mitigating risks to consumers. Billers will need to abide by their relevant consumer protection requirements.

A number of specific actions were identified to realise these objectives both for a pilot and for expansion beyond the pilot to a wider range of use cases, and some members identified potential owners for the action, although there was no acceptance of the actions from the different potential owners.

A high level summary of the proposed actions is:

- Develop a framework to facilitate a pilot which should include:
 - An agreement concerning how the product is communicated to customers and the tools they are provided with to control their payments (this may be specific and standardised, or generic reinforcing existing regulatory obligations)
 - An agreement between pilot participants around how to deal with each other and consumers and provide redress when something goes wrong for a customer which should be consistent with regulatory obligations.
 - An approach to ensure regulators are appropriately informed of progress, learnings and insights from the VRP Pilot
- Develop an approach to enable VRPs can be rolled out to a wider set of use cases:
 - Ensure learnings from the pilot regarding consumer protection and adoption are embedded into developments to support scalability
 - Where a standardised name for VRPs /more consistent use of language / standardised communication documents / dashboards / customer experience / guidance is required, ensure this is delivered
 - Where additional consumer protections are required develop a mechanism to deliver this
 - Where related services need to be enhanced to support VRPs (e.g. support for switching), develop ways to support switching.

However, it was clear from the discussions that there is not at present an organisation with the remit, powers and responsibilities to develop the framework for pilot or agree it with participants. This could lead to particular problems in coordinating action if JROC considers that interventions involving some standardisation of the approach across the ecosystem are necessary for consumer protection reasons or that to support the roll-out of VRPs actions are needed within all organisations within a particular timescale.

In the absence of a specific remit there are some “no regrets” activities that the industry could pursue such as the proposed “model clauses” work being coordinated by UK Finance. UK Finance will work with the consumer representative to ensure that there is appropriate end user representation involved in this work once it commences.

JROC would also need to ensure that any organisation given responsibility for developing the framework involved sufficient end user representation and acted in the best interests of consumers.

5 Addressing Functional Gaps

The functional sub-group discussed a range-of potential issues and possible pain points that might occur from the adoption of cVRPs. These were clustered into topics for potential deep dives and cross-referenced with emerging conclusions from the consumer protection working group around potential issues. The sub-group then undertook eight deep dive workshops to investigate possible issues and develop potential recommendations. These are summarised in the following eight tables:

5.1 Payment References

What is the issue?

There were various interlinked issues related to references, in particular payment reference and VRP mandate reference.

1. Mandate reference need to be unique and made available.
2. Payment reference need to be made visible to the payer when they view their transactions/ statements online. It is noted that there are requirements about statement entries in the PSRs.¹⁰
3. Payer should be able to identify the transaction using the payment reference and use it for reconciliation if required.
4. Payer should be able to identify and differentiate a VRP transaction similar to a DD or a SO transaction when viewed on their statement or online transactions.
5. FPS limitation on payment reference is 18chars even though the standards support 140 chars.

Views of the working group

Regarding point 1) OBL clarified that the current VRP Standards allow the ASPSPs to generate a unique Consent ID which is a unique mandate reference that the PISP and ASPSP use to identify a particular consent.

On point no 2) & 3) OBL clarified that payment reference is optional at the VRP mandate level. If specified it is static for each subsequent payment. If not specified, then the a dynamic payment reference can be provided for each payment. The ASPSPs seem to have built their integrations differently and they lack consistency. Some are rejecting the VRP mandate if payment reference is not specified when VRP mandate is setup. The group felt that this could be an issue for e-commerce use cases and potentially some investment use cases as a dynamic payment reference would be required for each VRP payment.

On FPS limitation, the group thinks that there would be value point for the NPA Project to consider expanding the attribute length.

Similarly, in relation to point 4) above it would be beneficial for PSUs to see which payments were made via VRP on their online transactions and statements. Pay.UK acknowledged the issue and mentioned that this is scoped under the NPA Project to include a VRP indicator.

The statement reference could take significant time to build based on previous experiences with BACS and FPS.

This functionality is not seen as a blocker for pilot.

However, payment reference limitation of 18chars may likely cause more issues for e-commerce use cases.

None of the issues raised were seen as a blocker for the VRP pilot.

¹⁰ See 8.108 in [FCA Approach Document](#)

Recommendations to address the issue

Action	Sequencing	Suggested Owner
ASPSPs to enable PISPs/Consumers to capture a static payment reference when VRP mandate is setup or leave it optional to capture a dynamic payment reference when VRP payments are made.	Post Pilot	ASPSPs
Enhance payment reference attribute in FPS to increase length post validation of benefit	Future consideration	Pay.UK/ Future Entity
Ability to enable the Standard and FPS to display additional information on the payer online transactions/statements to identify VRP payments and payment reference which should be consistent with regulatory requirements in the PSRs..	Future consideration	Pay.UK / Future Entity

5.2 Mandate Amendments

What is the issue?

The working group identified issues within the theme of mandate amendments.

The first issue identified is the inability to amend mandate limits within the existing standards. Should a consumer wish to amend the limits they would have to create a new VRP with the revised limits.

The other issues that were considered under the amendment of Mandate were –

1. When the biller wants to change their bank account details The current OBL Standard does not allowed due to various reasons like fraud etc.
2. When the biller wants to change the PISP that they have associated with, there is no functionality for the biller to bulk change their PISP and switch from one PISP to another.
3. When the consumer (PSU) switches their account from one ASPSP to another, there is no functionality to allow the live mandates to be switched over similar to Direct Debits. There is guidance in OBL Standard around this but technically they have to setup a new consent to enable the existing PISP to provide service.

Views of the working group

In general, the SG agreed that amendments functionality may be beneficial for cVRPs and some communication link between the parties would be required to facilitate amendments. There may be situations where a consumer would wish to increase or decrease their limit, for example where setting an accurate limit initially is challenging. A concern raised within the group proposed that without amendment capabilities and by relying on the creation of new mandates for each alteration, it could lead to a confusing experience for the consumer by leaving them with multiple 'live' mandates to a single biller. This may create a situation where it is difficult to understand which mandate and which limit is active, or a risk that a previously approved mandate consents could be used erroneously.

The group noted however, that this functionality gap could be addressed in alternative ways. For instance, for large one-off transactions outside of the agreed mandate limit, perhaps most relevant to e-commerce use cases, rather than utilising mandate amendment functionality, the consumer could use a one off PIS payment for this transaction. This may be more appropriate than uplifting the enduring mandate limit higher than a customer's normal usage.

Additionally, the application of mandate amendments may cause practical issues. For instance, in a situation where a consumer lowers their limits but has inflight transactions, that would exceed the new limit, this could result in an unintended payment failure. Requirements around whether an additional SCA will be required under the PSRs will also need to be considered.

One final consideration of the group in this area, looked at where limits can be amended by a consumer should the functionality be available. The two main interaction points would be with the biller or the ASPSP and to accommodate amendments at both of those parties, real-time communication would be required to ensure that the limit was correctly reflected at both access points.

The group concluded that mandate amendment functionality should not be considered as a blocker to the pilot. In addition, the suggestion is to conduct further research with consumers and billers to validate the potential benefits of this functionality before considering how to overcome some of the practical challenges it may create.

Whilst under the theme of switching issues a) and b) are not related to consumers switching current accounts but rather billers switching PISPs or bank account provider. An approach to facilitate this part of a competitive market needs to be consider to support the scalability of cVRPs. For reference, to move between payment providers within the Bacs scheme there is a recognised bulk change process to facilitate the movement of existing Direct Debit mandates without the need for consumer interaction.

Issue c) arises when consumers choose to switch current account provider and so investigation needs to take place to determine if/how cVRP mandates could be switched in a similar was to DD mandates under the CASS scheme.

The group agreed that whilst, these issues (point a, b,c above) were not seen as a blocker to the pilot, that this should be addressed in the medium term to ensure the biller has freedom of choice, as well as maintaining an even competitive playing field.

Recommendations to address the issue

Action	Sequencing	Suggested Owner
Research and consult on whether allowing the consumer to amend cVRP mandate is required. Whether it is appropriate to allow reducing/increasing or allow both for the various limits.	Post-Pilot	JROC/Future Entity
Ability to amend the payer (consumer) / payee (biller) account details on an existing VRP mandate	Post-Pilot	JROC/Future Entity
Ability for billers to bulk switch the consents from one PISP to another	Post-Pilot	JROC/Regulatory/Legal
Ability for consumer to switch their existing long-lived VRP mandates across from one ASPSP to another without requiring to setup a new consent with an existing PISP.	Post-Pilot	Future Entity/Pay.UK (CASS)

5.3 Payment Certainty

What is the issue? When a payment request is submitted to the sending ASPSP for execution, PISPs in majority of the times do not get final status when payment is successfully credited to the beneficiary account at the receiving ASPSP. Most of the ASPSPs provide interim status which is inconsistent across the ASPSPs and may also lead to payment rejection.

Views of the working group At present some ASPSPs provide a strong confirmation message that can be relied upon prior to the settlement of funds, whereas others provide holding confirmations or a confirmation that could be subject to change,

The absence of an immutable payment message from ASPSPs to PISPs creates a situation where there is a reliance on the physical settlement of funds as the primary way of ensuring a payment has been successful. This is perceived as placing VRPs at a significant disadvantage to alternative payment methods such as cards.

The group reflected on the scenarios where this functionality gap would create the most impact and agreed that the consumer present use cases, such as retail, would be the most impacted by the associated time delays. In considering the three low risk use cases, it was generally accepted that these would represent consumer not present billing formats, in which this functionality gap is less impactful. The group did identify edge cases, for example a parking ticket issued by local council/government which may be relevant. Although this could be considered an e-commerce use case.

It should be noted that payment statuses are a primary consideration of Workstream 4 and therefore, it was acknowledged that a more detailed review of this functionality gap would be conducted by workstream 4.

The group agreed that this functionality gap existed and should be resolved as part of a scaled VRP product however, it should not be considered a blocker to the pilot.

Recommendations to address the issue

Action	Sequencing	Suggested Owner
Ability for payment sending ASPSP to provide final payment status (payment has been successfully credited or rejected at the receiving ASPSP) both consistently and timely back to the PISP.	Post-Pilot	OBL / Pay.UK / ASPSPs /JROC

5.4 Software Statements

What is the issue?

PISPs are required to capture the customer facing entity (biller, agent etc) in the OnBehalfOf field of the software statement. The ASPSPs then rely on this information being correctly captured, to be displayed on the consumer’s access dashboard where they see all the long-lived consents. This enables the consumer to know the entity with whom the PSU has been interacting in addition to the TPP name.

The problem is multi fold –

1. If the PISP is interacting with more than one biller or agent, then they have to setup a different Software statement for each biller/agent for this information to be clear and use the correct software statement when interacting with the ASPSP.
2. As the volume of billers is expected to be high for cVRPs there will be an increase in operational overhead for both PISPs and ASPSPs to setup/manage/use software statement for each biller/agent with the ASPSPs. The process is manual for those that have not implemented DCR specifications. Hence it is not scalable.
3. The details of the customer facing entity are not always clearly captured leading to data quality issues and inaccurate information being displayed to the consumer on the access dashboard. May lead to disputes as the consumer may not know to whom the consent was given and where to go in case of a dispute. May also lead to revocation of long-lived consent if the details of whom they interacted when giving consent is not visible on the dashboard.

Views of the working group

Consensus that this is not required for Pilot.

Is a blocker for all the use case groups and a scalable solution would need to be considered to address all the above issues. There was agreement to use central directory like OBL and common standards.

A suggestion for the future was to differentiate between cVRP consent types.

Recommendations to address the issue

Action	Sequencing	Suggested Owner
A scalable solution that addresses and resolves all the above issues. Caveat- The solution will address future setups of long-lived consents and may be more complicated to resolve historic consents.	Post pilot	OBL / Future Entity
Ensuring any change to the use of software statements (if needed) is implemented consistently across the industry. Having more than one solution or not switching off the usage of software statement by few ASPSPs would likely create more issues in identifying the correct information	Post pilot	Regulators

5.5 VRP Limits, Retries & Error Codes

What is the issue?

These three topics were discussed and here are the high level issues

1. VRP Limits – When a VRP mandate is setup, the PISP and consumer can agree to put some limits and restrictions on the value of payment that can be made in a period. The existing Standard do allow a lot of limits like daily limit, monthly limit, limit per transaction etc to be setup.
The issue of limits is complicated because transactions would also be subject to a number of account specific limits such as channel limits, fraud alert limits etc. The latter may be further complicated by being dynamic limits linked to value and velocity checks for example. A few firms felt that having payment type specific limits in addition may complicate matters and so questioned whether having limits is suitable for cVRPs or not.
2. Retries – Currently retry is in the competitive space as the PISP can retry and ASPSPs also would retry in case it is processed as FDP rather than SIP. And there is no specific retry functionality.
3. Error messages – The error messages provided by ASPSPs when something goes wrong are not suitable or sufficient to understand the problem and take necessary action. When payment fails it is not clear the reason of failure. Similarly, the status of the payment is not consistently shared by all the ASPSPs in a timely manner, leading to no knowledge of whether the payment has been successfully completed or not and this would be more important in e-commerce use cases. All this impacts the payment from being retried by the TPP/biller.

Views of the working group

On VRP limits – The group had mixed feedback where there were questions whether limits should be mandatory or an optional feature of cVRPs. Some members did not see mandate limits as a problem but provided they are explained to the payer consumer. A question also was raised on who should be responsible for breach of single/cumulative limits. An ASPSP and PISP acknowledged that they monitored these limits. The legal position will need to be considered here.

Discussion around separating the mandate creation and limit setting into two separate events and relying on a Transaction Risk Analysis (TRA) approach where possible. Mixed views with some concerns around the complexity for payers to then add a limit although an acknowledgment that this may reduce mandate creation friction.

- Noted that whilst, limits make sense for sweeping transactions that for cVRP it may make more sense for limits to sit at the account level as with other similar payment types.

Where no limits are set, applying SCA or TRA threshold are potential tools to improve consumer protection.

Point was also raised that a skewed focus on consumer protection could create a prohibitive product for billers.

Channel Limits – Should be transparent. The current position is very confusing for the ecosystem as there are different limits between mobile and desktop even for Single immediate payments.

Fraud limits – Whether this can be addressed by providing additional information related to TRI to reduce the friction. For UC1-3 some tax payments could be above the threshold but there was pushback in including it for pilot as they are deemed to be less frequent as likely to be annual payments.

It should be noted that provision of limit functionality, and ensuring they can be set “sufficiently narrow” is a key part of the regulatory framework to support VRPs. Significant changes to the approach to limits may change the regulatory consideration of VRPs.

It was agreed that retry functionality would not be required for pilot and the general view could be to leave it in the competitive space for innovation rather than standard functionality.

On error messages and payment status since this overlapped with the JROC workstream 4, where this was covered in greater detail, it was left to the workstream to resolve.

Recommendations to address the issue

Action	Sequencing	Suggested Owner
Consult and research on appropriateness of VRP Mandate limits and whether it should be mandatory or optional	Post-Pilot	JROC/ Future Entity
Channel limits should be transparent	Future consideration	ASPSPs
Error messages and Payment status	Align to WS4 timelines	JROC/ Future Entity

5.6 Disputes and Refunds

What is the issue?

Within this theme there were two core issues identified:

- Within the current VRP standard there is no functionality to aid dispute resolution
- There is no ability to refund a VRP within the current API standards

Views of the working group

The group agreed that dispute resolution functionality would be beneficial to all parties within the eco-system. It was acknowledged that this area would be a key consideration for the consumer protection working group and therefore, any proposed functionality should account for the views and feedback of this group as well.

For the pilot use cases, the group deemed the likelihood of disputes to be low and that as such it concluded that these could be addressed bi-laterally between the PISP and ASPSP. Whilst, this is not a scalable situation, the group concluded that there would be a material benefit in using the pilot use cases to understand where disputes may arise, especially edge case disputes, and utilising this data to inform the requirements the dispute management functionality would need to address in future. It is expected that this would create a better outcome for all parties than to address this functionality gap pre-pilot.

In reviewing the second issue, the specific requirement was to understand whether functionality to refund a VRP should be included within the standards. This was raised as particularly relevant is e-commerce use cases where this could aid dispute resolution. The OBL Standards do allow for the exchange of information to enable the PISP to determine the destination account details for a refund. The action of the refund will be subject to the contract the PISP has with the biller. Illustrative models of how refund payments can be fulfilled can be [found here](#).

The group did not go through these illustrations in the discussions however some mechanisms discussed are already possible. However, it was also mentioned that ASPSPs do not support this which would need more investigation.

The group view is a dispute resolution system would be beneficial and the requirements could be reviewed as part of VRP Pilot for all the use cases.

Finally, it was noted that the new payment architecture “NPA” team are currently reviewing whether a new transaction type should be included as part of the design which could be used for refunds.

Whilst operations of disputes and refunds does have issues today as illustrated above the SG held the view that whilst there was room for improvement the current situation did not pose a blocker to the VRP Pilot

Recommendations to address the issue

Action	Sequencing	Suggested Owner
Review suitability and functionality requirements of a dispute resolution system	Pilot	TPPs, ASPSPs, Future Entity
Consultation and research into the requirements of a dispute resolution system including refunds leveraging the findings from the gap analysis as part of JROC workstream 3	Post-Pilot	JROC / Future Entity

5.7 Consents (SCA and dormancy), Access Dashboards and Notifications (to payers)

What is the issue?

There were several issues raised by the working group which have been consolidated under this theme. When discussed four key issues were identified for the deep dive. These were:

1. Is strong customer authentication “SCA” suitable or required for all VRP scenarios.
2. Long lived consents do not have dormancy functionality enabled which means if a VRP mandate is not used for a long duration then it still remains active until the duration is expired. Having a dormant period concept would enable the service provider to mark the long lived consent as dormant if no payments are made during that period.
3. ASPSP VRP access dashboard placement is inconsistent and can be difficult to locate.
4. There are no payer notifications required at present. The existing VRP do not comment on when, how and who notifies the payer or the payee in a VRP payment journey.

Views of the working group

Two points to note related to whether SCA is required or not.

1. At mandate set up, SCA is required by the Open Banking Standard. This can be used by the ASPSP to add the payee to the trusted list if the ASPSP is going to rely on the Trusted Beneficiary exemption
2. For subsequent payments, the ASPSP can apply the Trusted Beneficiary exemption but other exemptions may also be relevant such a, Low value, Me to Me etc as long as there is no exceptional circumstance where SCA is required by the ASPSP.

Some members had referenced the use of TRA exemptions to SCA which are available in alternative payment methods, such as cards, for low value transactions. The working group reviewed whether exemptions of this type were relevant to VRP or whether SCA should be applied in all use cases. The group concluded that it felt SCA is appropriate during all mandate set-ups. There are exemptions available under VRP for subsequent payments where the consumer is not present. The use of SCA is seen as a beneficial protection to all participants in the eco-system when looking to reduce fraud.

The group also concluded that SCA should not represent any issues with respect to scaling VRP

On point b), there were discussions and various scenarios were discussed. There is Delegated SCA functionality supported by the Standard. If an adhoc subsequent payment is outside the VRP mandate, then it was acknowledged that a one-off payment would be more appropriate where SCA could be required and would be better approach then to amend the VRP mandate and undergoing SCA again.

The use of SCA is seen as a beneficial protection to all participants in the eco-system when looking to reduce fraud. The group also concluded that SCA should not represent any issues with respect to scaling VRP.

On dormancy, the group agreed that it would be beneficial to have dormancy period associated with long lived mandates. Suggestions were 13 months similar to Direct Debit or alternatively two years. This would enable the service provider to mark the mandate as dormant if no payments are made after elapse of the dormant period. The group proposed that ASPSPs communicate to the payer PSU when the dormancy period is reached. The group however concluded that this would not be a blocker for pilot.

Access dashboards were noted in the original feedback responses as being difficult to find for consumers with inconsistent journeys. The suggested approach was to show VRP mandates in the same online location as consumers would find their alternative payment mandates, such as Direct Debit and Standing Orders. The ASPSPs in the group agreed with the challenge and advised that ensuring that the access dashboard was presented in an easily accessible location for consumers, and it was part of their competitive proposition. It was agreed that all parties have a shared interest in ensuring consumer queries related to this were minimised. OBL confirmed that as per the latest version of Customer experience guidelines, the ASPSPs can choose to locate the VRP mandates in the same location as DD, SO if they deem it appropriate for their customers.

The final issue addressed by the group related to payer notifications. There was a general agreement that providing notifications, as are mandated in other payment methods such as Direct Debit, would be beneficial to consumers. There was an agreement that responsibility for notifications would sit with TPPs and/or the billers. One ASPSP noted, that a future development could allow for ASPSPs to surface notifications in their online banking platform as a competitive value-added proposition.

Whilst the group agreed in the benefit of notifications as a feature, whether they should be a requirement, and any questions around content or regularity were left as open questions. The agreed view is that this area would need further consultation with consumers and billers to ensure they created value in the way intended. As such, this functionality is not deemed as required for the pilot, but parties could bilaterally agree enhanced approaches to notifications.

Recommendations to address the issue

Action	Sequencing	Suggested Owner
Consultation and research into an appropriate dormancy period for mandates.	Post-Pilot	JROC / Future Entity

Action	Sequencing	Suggested Owner
ASPSPs to explore the appropriate location of VRP mandates in their competitive space based on existing CEG guidance.	Anytime	ASPSPs (competitive propositions)
Consultation and research on notification to payer. This would cover level of notification, frequency & who notifies.	Post-Pilot	JROC / Future Entity

5.8 Fraud

What is the issue?	The key issue discussed with respect to Fraud was to ascertain whether any additional fraud functionality gaps exist.
Views of the working group	<p>Within the program of work there were other workstreams that focussed on fraud. During this process no specific gaps had been raised through that work which would require additional functionality in addition to the current standards.</p> <p>The group however, did discuss the use of transactional risk indicators “TRI’s” and agreed that the use of these would be beneficial to reducing fraud. In order for TRI’s to be successful however, the group noted that the standard would need to be applied consistently across the industry. This resulted in key considerations to be raised:</p> <ul style="list-style-type: none"> • TRIs are used by all parties consistently for pilot as in current state to trial the value at scale for all use cases. For future use cases it is recommended to be part of bilateral contracting. • Currently TRIs are optional in the Standard, so even if the nine ASPSPs subject to the CMA Order decide to implement it, the Standard are still voluntary for the rest of the ecosystem which could lead to technical blockers. <p>The group concluded that whilst, these issues would not represent a blocker to the pilot given the low-risk nature of the use cases, it is important that consideration is given to how these can be used in an accurate and consistent way by all eco-system participants. One option presented would be that these become a mandatory standard rather than optional.</p> <p>As part of OBL’s JROC WS2, an industry pilot is being developed to use TRIs for single-immediate payment based open banking journeys. Learnings from this exercise could be an important consideration in determining the approach to TRIs used in the VRP pilot.</p>

Recommendations to address the issue

Action	Sequencing	Suggested Owner
All participants use TRI consistently for all use cases	Pilot	TPPs & ASPSPs
Review how to mandate usage of TRIs by all TPPs and ASPSPs	Post-Pilot	JROC

5.9 Impact on Sweeping VRPs

Any development of cVRPs may have an impact on the operation of VRPs to support Sweeping. Any development of cVRPs will look to use the existing APIs, Microservices and Dashboards. It will be necessary to consider the impact on the capability to enable VRPs for Sweeping for any changes or dependencies proposed.

5.10 Summary conclusions

The functional subgroup found that the existing VRP capability was suitable to support a pilot, although investigation into how pilot participants could manage disputes during a pilot was recommended as was adoption of TRIs for pilot participants.

To move beyond sweeping there was a range of areas of potential functional enhancements that were recommended. The need for the different enhancements will be impacted by learnings from the VRP Pilot and the expected scale of cVRPs. These enhancements are grouped into three areas:

1. Leverage any enhancements in wider open banking payments capabilities.
This includes:
 - a. Enhancements in error codes and payment status
 - b. Development and adoption of TRIs
 - c. Adoption of a standardised dispute management system / process
2. Enhancements in operation and functionality of VRPs. This includes:
 - a. Assessment of the relevancy of amending of VRP mandates
 - b. Any ability to support billers bulk switching consents
 - c. Enhancements to ensure appropriate naming in ASPSP dashboards (often referred to as the software statement issue)
 - d. Operational obligations on participants (e.g. notifications, naming conventions, dormancy rules etc.)
3. Leveraging enhancements in underlying payment systems when available
 - a. Provision of final payment status
 - b. Enabling mandate transfer as part of CASS
 - c. Use of longer reference fields in FPS

6 Developing a commercial model

The Commercial Model Working subgroup was tasked by VRPWG to focus on the following elements:

- Discuss, agree and propose a set of commercial model requirements to support the scope and aims of the working group and the agreed use cases
- Consider the application of the commercial model requirements beyond low risk cVRPs
- Identify next steps, owners and timelines for the proposed commercial model recommendations
- Consider and identify whether regulatory intervention is required for the Commercial Model and propose particular interventions that may be needed.

The working group was made up representatives from ASPSPs, PISPs, card schemes, a trade association, a payment system operator, card & payments schemes and a central standards setting body which gave good coverage of the overall market, recognising that not all market participants were engaged in the Group. The Group was led by co-chairs from a TPP and ASPSP.

Given the scope of the Group there was recognition from the outset that specific pricing and costs or other commercial issues could not be discussed given competition law and that the focus would be conceptual models and driving out areas of consensus and differences which would inform future consideration.

Through the process there was areas of agreement and divergence, with positive engagement throughout, which are set out below along with next steps and actions.

To facilitate the process, the following was undertaken –

- Weekly roundtables with representatives
- Four questionnaires / surveys with the following focus areas

Survey 1 – Understand members views on potential models & coverage

- Asking for views on the commercial/business models for PISPs and ASPSPs
- Understanding of what costs and benefits should be taken into account for the cVRPs
- Justifications for the commercial model options and the extent of regulatory intervention required to support the commercial model

Survey 2 – Commercial model options focused on options for a Q3 2024 MLA (incl. the existing such as FPS, DD & Interchange) and gather views on:

- What is the understanding/ view of a multilateral agreement, and a multilateral framework;
- What should the scope of a multi-lateral agreement;
- Views on methodologies on commercial models;
- What coverage is needed to support a commercial cVRP service;
- Whether members have particular preferences or concerns about one or more of these models
- Whether the commercial model and price can be established by the market or needs some form of regulatory or scheme intervention

Survey 3 – Understand members views on the design of the pilot

- Seeking views on how the pilot should be designed to provide effective results, including duration, range/number of ecosystem participants, whether changes required on OB and FPS standards, etc
- Survey 4 – Following the 7 September WG the PSR stated that in order to be scalable, and in order to be a real pilot of VRP, an MLA would be required. Therefore, another survey was developed to gain more detailed views on the MLA from members. Whether participant had a preference for a particular charging model to be embedded into the multilateral agreement (i.e., how should charges flow)
- What concerns participants had about any alternative charging models
- Do participants expect the charging model to incentivise sufficient coverage through voluntary participation; and if not, whether they expect regulatory intervention to be necessary to reach a sufficient level of coverage

There were a number of areas where there was broad agreement across the members of the working group and these are summarised below:

- There was widespread enthusiasm to create a foundation such that cVRPs can be brought to market safely and enable as wide a population as possible the ability to use this new payment method
- All parties need to adhere to the open banking standards
- There will need to be a contractual relationship between ASPSPs and PISPs to enable cVRPs
- There needs to be sufficient coverage of ASPSPs and billers to enable cVRP propositions to be viable and there needs to be sufficient coverage of PISPs to enable the VRP Pilot to be worthwhile and allow meaningful learnings
- Although some considered that there should be a flow of funds from PISPs to ASPSPs for access to cVRP APIs (subject to commercial negotiation), this was not universal and some advocated for no charge.

However, there also were areas where it was more challenging for the WG and SG to develop specific recommendations.

Four topics were explored by the SG that resulted in divergent views. These were:

1. Contractual structure,
2. Coverage,
3. Definition of Pilot, and
4. Charging

6.1 Contractual Structure

There was widespread agreement that PISPs hold the contractual arrangements with billers and ASPSPs hold the contractual arrangements with PISPs.

Billers would contract with PISPs, either directly or through an aggregator / acquirer. The scope of the PISP-to-biller contract was not discussed but it was felt that the contracts between ASPSPs and PISPs would ultimately impact the PISP-to-biller contracts.

The sub-group considered a multilateral agreement, multiple multilateral agreements, a multilateral framework, an overarching multi lateral framework or agreement underpinned by bilateral contracts. There was no alignment around which contracting structure would be referable nor what a multilateral agreement or multilateral framework would comprise noting that the competition law implications of any proposal would need to be advised on in parallel to the development of any end agreement/framework. Definitions of multilateral agreement and multilateral framework were discussed and broad definitions were as follows:¹¹

1. **Multilateral Agreement** – is a single contractual agreement involving more than 2 parties (e.g. multiple PISPs and multiple ASPSPs). It is one way of ensuring that all PISPs and all ASPSPs are treated in a consistent way by all other parties.
2. **Multilateral Framework** – a set of standards-based guidelines to be used for contractual relationships between more than 2 parties. A multilateral framework may be put into legal effect through either a multilateral agreement or through a network of bilateral agreements (that may or may not involve a centralised scheme-like legal entity).

Parties views on what kind of agreement/framework was needed were spread across:

1. **Light** – some standardisation, generally left to the market
2. **Medium** – a more complete MLA or overarching MLF, with varying views on structure and pricing discovery. Some of this group could be open to a MLF as a helpful guide to reaching an MLA if appropriate and recognised that coverage was important, and
3. **All encompassing** – to include everything including a central set price, either via regulation or a third party scheme operator. This group viewed an MLF as a distraction and only cared to focus on a contractual MLA.

¹¹ These are not legal definitions but were directional to facilitate the debate

It's important to note that ASPSPs and PISPs did not collectively converge into aligned views with their own peers. There were diverging view points even amongst ASPSPs and PISPs respectively.

A number of ASPSPs and PISPs felt that the quickest way to a pilot was through bilateral contracts and this was the only realistic way to achieve the Q3 2024 deadline for the VRP Pilot. Other PISPs were strongly opposed to an approach based on bilateral contracts.

Reaching a multilateral agreement by the Q3 2024 target set by the Regulators appears to be challenging given the divergent views of the group and the limitations of discussions necessitated by competition law. It should also be noted that individual firms will have to go through their internal sign off processes/governance to support participation in a pilot and this should be considered in both timing and scope of the pilot and the associated multilateral agreement that underpins the pilot.

Members of the WG and SG made it clear that any work on developing a multilateral agreement did not preclude ASPSPs engaging in bilateral contracts or other commercial arrangements to develop cVRPs. It is understood that some bilateral negotiations are underway between some parties.

6.2 Coverage

Coverage is a measure of the proportion of consumers who can benefit from this innovative new payment capability, this is realised by ASPSPs making the cVRP APIs available to PISPs, ensuring PISPs offer this service to billers, and billers adopt the service so that consumers have a choice to use this new payment method. There was widespread agreement that broad coverage was needed but no agreement on what constitutes adequate coverage nor how to achieve it.

ASPSP coverage

There was broad agreement that enough ASPSPs needed to participate to enable a viable offering to billers to be created. A large merchant suggested that 60-70% coverage would be required for cVRPs to be considered. Views from one of the surveys on minimum coverage included:

- 65% of the current account market,
- 70% of the market
- The six largest ASPSPs who were subject to the CMA Order
- 3 or 4 ASPSPs including 1 or 2 of the largest banks.

However, it was more challenging to reach alignment on how coverage could be ensured. A number of views were offered but they are summarised below:

A commercially viable price for access would give ASPSPs the ability and incentive to participate (noting that prices would be for commercial negotiation in the absence of regulatory direction),

Participants will not be able to agree an approach that will ensure adequate coverage and consequently a regulatory intervention would be necessary.

PISP coverage

There was no defined minimum number of PISPs considered necessary for the VRP Pilot. A biller would typically use a single PISP to offer open banking payments to its customers. However, there was widespread agreement that the VRP Pilot would need to include a broad range of PISPs so enable enough billers and consumers to participant. It was also noted that PISPs have different go-to-market strategies (e.g. direct-to-biller, partner PSP) and that the pilot approach should not favour any specific strategy but should instead be structured to enable these different approaches.

Biller adoption

It was agreed for a pilot to fulfil its purpose of delivering learnings, adequate biller adoption was necessary. Learnings from previous MRO's indicated that biller commitment to this new payment solution was important. There SG did not define a minimum level biller adoption.

It was understood that biller adoption was the responsibility of the PISP and its value proposition to the biller. However, a successful pilot require PISPs to deliver to their billers a value proposition to billers at an affordable cost (if charged) and also ensure other elements of the proposition such as service.

The PSR also set up a business panel to consider cVRPs. There seemed a high level of interest in this new payment capability, but the businesses indicated that the cost and value of this new capability was very important.

6.3 Definition of the cVRP Pilot

There was a range of views on what would constitute a cVRP Pilot as follows:

- A pilot should begin launch of VRP beyond sweeping to regulated sectors for efficiency's sake, which would then be expanded incorporating learnings,
- A pilot should be time bound and should have an end date to evaluate learnings.
- A pilot needs to be open ended to allow PISPs to onboard sufficient billers and give the billers confidence participation is worthwhile, whilst still tracking against agreed milestones / KPIs

There needs to be clarity around the "off ramp" for a pilot so that it could be closed down if circumstances indicate this is necessary

Some parties emphasised that, whatever final form the pilot takes, it should not preclude or discourage other willing parties from developing cVRP propositions that deliver coverage and/or functionality beyond that stipulated in any broader industry pilot initiative.

The PSR has made clear the intention from the JROC report that the pilot is for broader premium APIs, and cVRP is to be the first pilot of premium APIs. The ambition would be for the pilot once established would enable the service to be enduring and provide a base

from which cVRPs could be deployed into other use cases and new premium APIs developed. Clearly if the VRP Pilot identified areas of customer detriment this ambition would be curtailed.

The consumer protection sub-group also highlighted the importance of pilot design. The controls about entry criteria to ensure that only low risk use cases were involved in the pilot was felt to be particularly pertinent. There was however no firm recommendations regarding the details of the entry criteria nor how that would be ensured / governed.

6.4 Charging

Charging was a difficult topic to discuss as members were conscious of the limits of what could be discussed given competition law restrictions, but they were able to explore a range of ways in which the market could function which would be permissible to discuss from a competition law perspective:

Possible ways in how the market might function were discussed and a number of possible charging flows were identified:

PISP -> Consumer

There was a widespread view PISPs were unlikely to charge consumer.

PISP -> Biller

There was a widespread view that PISPs would likely charge billers for the provision of a retail payment solution.

Participants felt there was strong evidence that this was a functioning competitive market billers able to choose from a number of PISP firms.

ASPSP -> Biller

Not discussed specifically.

There was a widespread view that the provision of banking services to billers was a competitive market with market billers able to choose from a number of ASPSPs. Depending on business propositions the ASPSP may or may not charge the biller to receive an FPS transaction.

ASPSP -> PISP

Most working group members who responded to the survey about a preferred model (5/7) proposed that the ASPSP charged a fee to the PISP for access to a premium API. Discussions identified a range of viewpoints:

- Charging is competitive and should be left to the market
- Charging must be centrally set by a regulator, scheme, third party, or central body
- The current model for single open banking payments, Faster Payments and Direct Debit should be used whereby the PISP is not charged by the ASPSP, and ASPSP and PISP each charge alternate parties in the payment supply chain

At the SG there was much discussion around whether it was reasonable to expect the market to be able to develop an appropriate charging structure that would create incentives for all parties to participate and create a successful ecosystem that has a critical mass of consumers, billers, PISPs and ASPSPs.

There were a number of views, falling in to two broad categories. One view was that the market would develop if the cVRP proposition offered enough value to users and it should be allowed time to develop. They felt that participation decisions were complex and it would be possible to develop broad enough arrangements that would appeal to the ecosystem as a whole. The group did not explore further how this might develop due to competition law limitations.

A second view from some TPPs was that the current payments market structure was unlikely to support the development of this potentially new market. Those TPPs said that billers expected lower cost transactions compared to existing payment solutions (mainly debit cards) to incentivise adoption. However, those TPPs felt that in order to incentivise enough banks to offer access to cVRP APIs any negotiated fee for access would be unlikely to allow PISPs to meet billers' cost expectations with a viable economic model, particularly to the extent if an ASPSP seeks compensation for transactions which were migrated from cards.

There were also a wide range of views regarding the need for and potential scope of any regulatory intervention to support the adoption of cVRPs: –

- Some argued that regulatory intervention was required to facilitate a legally certain regulated price as the market may not be able to provide one. due to complex incentives and inefficiency of negotiations between a large number of differing participants on each side of the market
- Some argued that regulatory intervention would be welcomed on setting industry wide rules on contractual matters, liability / customer protection and dispute processes, as opposed to a fully regulated price.
- One party suggested regulatory intervention on high level pricing, for example: differential pricing grid based on the nature of use cases; differential pricing by volume / value tiers; differential pricing based on the perceived risk of a particular industry; pricing structure – fee per transaction or bps per transaction,
- Several parties thought a regulator was needed only to provide greater certainty on industry standards to increase ASPSP participation with two working group members stating intervention should only be considered where ASPSP participation was not forthcoming or where there was a market failure that needed addressing, and
- One party stated that intervention from the regulator was not required and would dampen commercial incentives and the potential for a market to develop.

Commercial SG discussions around charging were necessarily limited due to adherence with competition law. As such, conversations on charging were constrained to high level principles only (e.g., which parties could levy charges on whom) and not any matters of detail. To enable possible discussions at any lower level of detail.

It was agreed that specialist legal input would first be required to understand what would be permissible under existing competition laws. This input will be an important step in the future development of any cVRP MLA.

6.5 Summary

Members of the subgroup were aligned on their ambition to make cVRPs a success but found that there were a diversity of view on how best to realise that ambition. In order to accelerate the delivery of that ambition the group identified a range of options for the Regulator to consider. These options are not exclusive nor exhaustive. It was also noted that specialist legal advice would need to be needed to ensure any next steps adhered to competition law and regulatory oversight is also expected to be needed.

1. Regulator directly mandates commercial framework itself.
2. Regulator legally obliges another party (e.g., OBL or Future Entity) to develop commercial framework.
3. Regulator sets broad expectations of industry – identifies preferred party to lead on development of commercial framework; regulator monitors and considers further intervention if progress stalls (This is broadly the SPAA approach – ERPB (chaired by the ECB) identified EPC to be the lead entity to develop).
4. Regulator sets broad expectations of industry – leaves industry to identify preferred party to lead on development of commercial framework; regulator monitors and considers further intervention if progress stalls.
5. No regulatory involvement, leave to market to develop.

7 Appendix

The following firms were represented across the WG and SGs:

PSR	Nationwide
Amazon	NatWest
AmEx	New City agenda
Apple	OBL
Barclays	Ordo
BRC	Pay.UK
CMA (observer mode)	Plaid
FCA (observer mode)	Raidiam
GoCardless/EMA	Santander
Google Pay	Tell Money
Government	Teya/Startup Coalition
HMT (observer mode)	Tink
HSBC	Token
Kikapay	Truelayer
Klarna	UK Finance
Lloyds Banking Group	Vendorcom
Mastercard	Visa
Moneyhub/Innovate Finance	Yapily
Monzo	