

# **Commercial variable recurring payments**

Update on delivery

December 2025

# Contents

1	Executive summary	3
2	The benefits of commercial Variable Recurring Payments	5
3	Progress in 2025	6
4	Our current regulatory view, and expectations for 2026	7
5	What’s next	9
Annex A	Industry guiding principles	10

# 1 Executive summary

In 2025, open banking reached new heights, with over 16 million active users and 53% year-on-year growth in open banking payments<sup>1</sup>, boosting choice, competition and innovation in UK payments.

Variable Recurring Payments (VRPs), an open banking technology that allows users to securely authorise trusted third parties to manage recurring transactions, now account for 16% of open banking payments. VRPs offer consumers and businesses greater choice and flexibility while improving consumers' financial wellbeing.

Much of this growth has been through 'sweeping VRPs', where consumers move funds between different accounts in their name. With industry, we have supported work to extend VRPs to greater commercial use, as part of the calls from the National Payments Vision (NPV) to develop a strong and competitive open banking market in the UK, and quickly roll out VRP to 'phase 1' use cases.

This year, 31 firms from across the ecosystem came together to establish a new organisation, UK Payments Initiative (UKPI), to help expand VRPs into a series of new use cases. These 'phase 1' use cases include utility payments, financial services payments, and payments to local and central government. Momentum is building across the market, with other players developing their own VRP schemes and transaction testing already underway.

The FCA is the lead regulator for open banking and has worked in close collaboration with the PSR, jointly working towards the launch of cVRPs. We support the continued industry developments and rollout of commercial VRPs (cVRPs). In relation to UKPI, industry has agreed on an approach for a first phase commercial model. We expect the first live payments under the UKPI scheme will take place in the first quarter of 2026.

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1 [API performance stats - Open Banking](#)

## **What's next**

When cVRP transactions commence in 2026, wide-scale adoption will build confidence and unlock their full benefits. By the end of 2026, we will evaluate industry-led cVRP adoption and growth and embed the lessons learned from phase 1 in the long-term regulatory framework, which we are working with HM Treasury on.

HM Treasury is expected to introduce legislation in 2026 that will grant the FCA new powers to set open banking rules, and the FCA intends to consult on new rules for the Long-Term Regulatory Framework before the end of the year. As part of that work, we'll continue to liaise with the CMA and government to ensure the long-term regulatory framework provides clarity on commercial models for open banking payments.

The framework will be the foundation for expanding cVRPs into e-commerce and wider use cases. It will let industry drive open banking forward, and unlock the potential for new use cases that contribute to innovation and competition.

## 2 The benefits of commercial Variable Recurring Payments

Open banking helps promote competition and innovation in the UK payments market through greater choice and flexibility for consumers and businesses, and more options for making and receiving payments.

VRPs can be made at flexible intervals and can vary in amount within pre-agreed limits. These payments are already being used to facilitate payments between accounts held by the same person.

VRPs can bring competitive benefits to industry, and assists consumers and merchants in how they manage their financial lives.

The first phase of the expansion of commercial VRPs (cVRPs) will extend that functionality to more use cases, such as regulated financial services, regulated utilities, local and central government.

### How VRPs are helping merchants and consumers

Commercial VRPs enable both merchants and consumers to tailor payment strategies, such as adjusting timings and payment amounts.

Early open banking use cases already show improved customer experiences. cVRPs build on this by strengthening certainty, flexibility, and financial control. Benefits are emerging across sectors, particularly where cVRPs are helping customers manage essential payments.

Examples include:

- Tenants having more control over when, and at what intervals, they pay rent and utility bills.
- New loan repayment tools that use income and spending insights to schedule payments to times when customers can best afford them.
- Merchants and consumers being able to clearly see incoming payments, and avoid missed bills and unexpected charges.

As adoption grows, cVRPs will support an expanding range of everyday use cases including routine spending like grocery shopping and online purchases.

### 3 Progress in 2025

Over the course of 2025, we prioritised developing seamless account-to-account payments. We wanted to meet the aims of the NPV by unlocking further competition and innovation through sustainable open banking propositions. We want to see a thriving market for cVRPs, giving people more control over their payments and providing consumers and businesses greater choice over how they make and receive payments.

To meet this ambition, we supported industry-led work, and this included monitoring the creation of UKPI to own and operate a commercial VRP scheme. We've worked with banks, building societies, e-money firms and open banking fintechs to build consensus on making cVRPs a reality for consumers and businesses.

Through a series of roundtables, we have supported industry funders of the UKPI to drive forward open banking at pace and meet the expectations government set out in the National Payments Vision. Throughout the year, this group has shown considerable leadership and agreed a set of guiding principles (see Annex A), baselined a delivery plan, secured funding to meet ambitious target, and agreed on an approach to establish a sustainable commercial model for VRPs.

This work will expand VRPs into a series of new use cases and we expect the first live payments under the UKPI scheme will take place in the first quarter of 2026. These include utility payments, financial services payments, and payments to local and central government. Momentum is building across the market, with other players developing their own VRP schemes and transaction testing already underway. Combined, these initiatives mark the start of a new era for open banking in the UK.

This work has informed our regulatory vision. To see the FCA's strategic goals for open banking, see our dedicated open banking and finance page.

## 4 Our current regulatory view, and expectations for 2026

We are encouraged by industry efforts to develop compelling and competitive cVRP schemes so far. As we enter 2026, we will be observing the continued growth of cVRPs, learning from industry to shape our future policy decisions.

Currently we believe that initial growth of cVRP will be influenced by:

- Access and implementation
- Pricing
- Consumer usage

### Access and implementation

To reach scale, cVRP services need to be adopted by a critical mass of the payments industry, merchants and consumers. Adopting them widely will give end users the confidence that it's a method they can invest in and support, and with this critical mass we expect to see further benefits of cVRP. Industry participants we engaged with suggested that, on average, at least 75% current account coverage is needed for this.

We want to see a vibrant market for open banking. For cVRPs to compete and grow, schemes should be able to enter the market. Banks, building societies, e-money firms, payment initiation service providers and merchants must have access to a range of cVRP offerings, and we'll continue to monitor the market and nature of competition to ensure nothing restricts this.

cVRP services will grow alongside wider developments in open banking technology, so seamless interoperability across payments is important.

### Pricing

Industry members told us that it's important to price cVRP services competitively with other payment methods, while letting investment costs be recovered and allowing for an appropriate return on that investment.

To deliver meaningful benefits to consumers and businesses, sustainable cVRP pricing structures are vital. We'll therefore continue to engage closely with industry, including in relation to competition law, about their efforts to finalise and agree effective pricing models that deliver prices at a level that supports effective competition between payment solutions. As part of that, we'll continue to work with the CMA and government to achieve maximum regulatory clarity on commercial models for open banking payments for both phase 1 VRP use cases and the long-term regulatory framework.

## **Consumer usage**

It's clear that cVRPs are still a developing payment method. All participants need to learn more about how merchants and consumers will use them.

We're eager to see a consumer experience that's streamlined and easy, and where end users understand the choices, they're making when using cVRPs. We'll continue to consider the right levels of protection for consumers and seek feedback from industry, consumers and businesses as they're developed.



## 5 What's next

As industry leads the expansion of commercial VRPs in the UK, increasing innovation and investment in the payments sector and competition between payment solutions, we'll continue to support and monitor progress. We will embed the learning, so it helps us develop future policy.

We'll be talking to industry throughout 2026 to understand progress, how it's translating to services for end users, and where blockers may be. It's important that as the FCA moves forward with policy development across open banking we learn from industry efforts to develop compelling solutions.

Following constructive engagement with firms across the sector, we expect the first live payments under the UKPI scheme will take place in the first quarter of 2026.

When 2026 draws to a close, we'll assess the progress of industry-led adoption and growth of cVRP services. With the ongoing development of regulations under the Data Use and Access Act, and the powers these will give the FCA, we'll be able to clarify the overall regulatory framework for open banking payments, including cVRPs.

HM Treasury is expected to introduce legislation in 2026 that will grant the FCA new powers to set open banking rules, and the FCA intends to consult on new rules for the Long-Term Regulatory Framework before the end of the year, factoring in the lessons from the phase 1 roll out.

In line with the National Payments Vision, our overarching aim remains clear: to expand cVRPs into e-commerce, drive open banking forward in collaboration with industry, and unlock the potential for new use cases that support innovation and competition in payments.

For anyone in the industry that wants to engage with the team, please email us at [openbanking@fca.org.uk](mailto:openbanking@fca.org.uk).

# Annex A

## Industry guiding principles

Throughout 2025, the FCA worked closely with industry to accelerate the pace and commitment to change in open banking. Our engagement with senior leaders across banks and fintechs, resulted in industry representatives agreeing to guiding principles for target state for the open banking market.

The 15 principles developed and agreed by industry representatives were:

1. UK growth is a key objective, that should where possible underpin design decisions.
2. Users of open banking must have a consistent experience, and appropriate levels of protection.
3. Users of open banking must have payment mechanisms and data sharing schemes that work, are safe and secure.
4. The future open banking strategy must enable a more level playing field, unlocking competition where possible and be supported by a fair and proportionate regulatory approach.
5. The market should drive responsibility for demand creation and innovation, in line with National Payments Vision direction.
6. The Future Entity will be the standards setting body for open banking. Standards should be applied consistently across all market participants.
7. Commercial model(s) for participants (including banks, fintechs, and third-party providers) must be established for open banking to scale sustainably.
8. The commercial model should incentivise parties to innovate with new products and services.
9. The Future Entity funding model should be based on the principles of fairness across the ecosystem.
10. The regulatory framework should provide clarity for all players participating in open banking. There should be commitment to a vision and roadmaps that enable more efficient planning of investment and delivery requirements across the industry.
11. Any pilot initiatives should be designed with long term implementation and scalability in mind.
12. In the event of conflict between short and long term objectives, priority should be given to long term growth, within the bounds of regulator's statutory duties.
13. Some level of brand / Trustmark / nomenclature standardisation and consistency is a critical prerequisite for open banking payments to become a ubiquitous method with high market adoption.

14. Open banking decisions today should set the foundations for open finance – reducing burden on investment, duplication of effort, data sharing extensibility and interoperability where possible.
15. The FCA should have oversight of open banking participants and schemes and set guardrails for industry.

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