

Sue Rossiter, Open Banking Policy  
Financial Conduct Authority  
12 Endeavour Square  
London E20 1JN

By email

20 May 2024

Dear Sir/Madam,

### **Proposals for the design of the future entity for UK Open Banking**

The Panel broadly welcomes the proposals and supports the principles of the new funding model. Our feedback centres on aspects which require further clarification to ensure that the final design reflects the costs of provision and can deliver the intended outcomes sustainably.

We support of the creation of an Interim Entity for JROC and other “non-Order” activity – the approach proposed is more sustainable than other alternatives explored given its broader base of funding. To avoid the potential for market confusion and inefficiency, the intended arrangements that will bridge between the interim entity and the establishment of the future entity need to be transparent. Additional funding to maintain three overlapping entities which are all being asked to contribute to progress on this agenda needs to be avoided throughout.

The effectiveness of the Interim Entity could be undermined if it is not appropriately insulated from potential overreach of either Open Banking Limited or the Competition and Markets Authority (through the existing “Order”). We are keen to see the framework for Open Banking established by end 2025 so that the original “Order” can be formally revoked, removing elements of that risk. That requires active engagement with the CMA now, to determine what parts of the “Order” will be revoked and how much risk will be mitigated when it is. If the Interim Entity is set up to become the Future Entity and is scalable to cover Open Finance standards as well, that would enable faster innovation for consumers. While we support the existing “non-Order” JROC workstreams proposed for progression by the Interim Entity, the PSR’s approach to the development of Open Banking commercial Variable Recurring Payments (VRP) raises concerns. In our view, requiring firms to offer VRPs free at the point of sale for consumers is not in the long-term best interests of consumers or the market, as it risks undermining innovation and inhibiting the development of a model which has essential consumer protections at its centre, including the ability to evolve those over time. More widely, as scope expansion beyond open banking is considered, the benefits and market impacts of any changes need to be clearly communicated.

We would be happy to discuss any of these points further.

Yours faithfully,

[signed]

Matt Hammerstein  
Chair, FCA Practitioner Panel