# Prioritisation Statement

## Commercial Variable Recurring Payments – UKPI scheme (Phase 1/Wave 1)

### 1. Introduction

This document is a prioritisation statement by the FCA and PSR. It sets out that they will not at this time prioritise investigations under Chapter I of the Competition Act 1998 (CA98) in relation to specific pricing arrangements concerning UKPI's commercial variable recurring payments (commercial VRP) scheme (Pricing Arrangements). Those Pricing Arrangements, including a number of related conditions and safeguards, are detailed below and at the Annex.

As set out in more detail below, having assessed the UKPI scheme's proposed Pricing Arrangements against the relevant prioritisation principles[1] and in light of the Government's National Payments Vision (NPV)[2] and the forthcoming legislative framework, the FCA and PSR do not consider prioritisation of a Chapter I CA98 investigation into these arrangements would be warranted at this time.

The Pricing Arrangements addressed by this prioritisation statement relate only to Phase 1/Wave 1 of UKPI's commercial VRP scheme, as defined by reference to the information provided to us. Phase 1/Wave 1 relates to limited types of payment use cases known as 'lower risk' use cases[3]. This statement is intended to apply for the period of time ahead of implementation of the legislative framework under Data (Use and Access) Act 2025 (DUAA) or other relevant legislative mechanism or until July 2027, whichever is earlier. In the event that the legislative framework is not implemented by July 2027, the

[1] FG15/8 The FCA's concurrent competition enforcement powers for the provision of financial services published in July 2015 (available at https://fca.org.uk/your-fca/documents/finalised-guidance/fg15-08). See paragraphs 3.6 to 3.10. PSR PS15/2.1 Enforcement of the Competition Act 1998, published in August 2015, (available at https://www.psr.org.uk/publications/policy-statements/competition-act-1998-ca98-guidance/).

[2] HM Treasury, NPV (updated 15 July 2025).

[3] I.e. regulated financial services, regulated utilities, local and central government. To the extent that UKPI seeks to expand the use cases covered by its Phase 1/Wave 1, this statement would not be relevant to those additional use cases unless agreed by the FCA/PSR.

FCA/PSR will consider whether it would be appropriate to issue a further non-prioritisation statement to cover the Pricing Arrangements outlined in this statement – if so, the content and form will be decided at the time, taking into account developments in the market.

As stated in our commercial VRP December update[4], the FCA and PSR will continue to monitor and engage on the development of these arrangements, the Phase 2/Wave 2 commercial model and commercial VRP schemes more generally.

This statement does not prevent the FCA or PSR from opening an investigation in the future if the FCA and/or PSR receive new information which changes the prioritisation assessment.

## 2. Background

### *2.1 Benefits of commercial VRPs*

The NPV sets an ambition for a trusted, world-leading payments ecosystem, underpinned by resilient infrastructure and a clear regulatory framework. It speaks to the important role of Open Banking in fostering innovation, competition, and broader economic development and calls on the FCA, working with the PSR, to drive this forward.

Commercial VRPs represent an important step towards achieving these goals. Commercial VRPs utilise open banking technology that allows users to securely authorise trusted third parties to manage recurring transactions, offering consumers and businesses greater choice and flexibility while supporting improvements in financial wellbeing across the market.

VRPs are already being used to facilitate payments between accounts held by the same person. Commercial VRPs extend that functionality to a wider set of commercial use cases, e.g. within regulated financial services, regulated utilities, local and central government, and eventually, into e-commerce and physical point of sale.

For commercial VRP payments to be enabled, the Account Servicing Payment Service Provider (ASPSP[5]) must allow a payment initiation service provider (a PISP[6]) access through an API[7] to initiate a payment on behalf of the payer.

[4] https://www.psr.org.uk/media/xgjcblmb/cvrp-update-on-delivery-_-dec-2025.pdf
[5] ASPSPs (including banks, building societies, and e-money providers) maintain direct relationships with payers (e.g. consumers) and play a crucial role in facilitating commercial VRP payments.
[6] PISP is a third-party provider that is authorised to initiate payments from a customer's bank account on their behalf.

[7] API access is the technical gateway that enables secure, real-time communication between the PISP and the

Individual PISPs wishing to transact through the UKPI scheme will pay an access fee to the relevant ASPSP for API access.

Extensive evidence gathering with stakeholders over 2023 to 2025[8] confirms that to achieve their potential benefits, commercial VRP services must be adopted by a critical mass of the payments industry, merchants and consumers. Wide-scale adoption of commercial VRP services will provide confidence to end users that this is a method they can invest in and support. With this critical mass, the FCA and PSR expect to see further benefits of commercial VRP services to be developed and rolled out in the ecosystem. A successful launch of any commercial VRP scheme (and its wide-scale adoption) rests in part on pricing arrangements relating to this access fee, encouraging adoption between billers, ASPSPs and PISPs.

### *2.2 An industry-led approach*

In the NPV, Government notes that, to unleash the potential of Open Banking, sustainable commercial arrangements are needed to incentivise data holders to innovate and invest. In the NPV, the Government also notes its support for an industry-led approach to the development of a commercial model for commercial VRP Phase 1/Wave 1 use cases and sets out its expectation that it be delivered quickly and in a way that supports effective competition.[9]

Aligned with the call from the NPV, the FCA and PSR have been supporting industry led work to roll out commercial VRPs, including in relation to the scheme being developed by UKPI. In this context and following a period of regulatory engagement with the PSR and FCA, industry has developed a UKPI commercial VRP scheme for Phase 1/Wave 1 lower risk use cases, with participation by ASPSPs and PISPs governed through a multilateral agreement (MLA).

The UKPI scheme (Scheme) proposes a centralised access fee commercial model for Phase 1/Wave 1 to help reach the critical mass of participants required for the scheme to become established, operate effectively and deliver intended benefits. This is part of a wider initiative to achieve a sustainable commercial model supported by sufficient industry participation to ensure viability. Work on the development of a commercial model for the broader

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ASPSP for all steps of the commercial VRP process. Without this access, the PISP cannot initiate payments or manage customer mandates.

[8] The PSR and FCA have been engaged in relevant evidence gathering for the purposes of assessing the scope for expansion of VRPs into more commercial use cases since 2023, pursuant to the initiatives of the Joint Oversight Regulatory Committee (JROC). The PSR and FCA also engaged in a further period of evidence gathering over the summer of 2025, contacting and receiving detailed submissions from a wide range of market participants, which confirmed and supplemented the PSR's and FCA's understanding of relevant market features including the relevance of critical mass to success of commercial VRPs. UKPI commissioned economic consultancy analysis to support its development of the commercial model, which was developed after a period of evidence gathering with relevant stakeholders. This analysis similarly confirms the necessity of scale and critical mass to product viability and success. Frontier, Commercial Model for Variable Recurring Payments, Wave 1, Published 9 April 2025.
[9] NPV, paragraphs 3.27-3.29.

Phase 2/Wave 2 use cases is ongoing. The Phase 1/Wave 1 use cases are intended to act as a pilot providing learnings for future use cases including e-commerce.

Under the UKPI centralised access fee model, UKPI would centrally set and mandate the price that an ASPSP would charge a PISP to initiate commercial VRPs for one of its customer accounts (Access Fee). All participants to the UKPI scheme would agree to transacting on this through the MLA. As detailed in the Annex, the Access Fee would be set based on certain conditions and safeguards, including that:

1. The Access Fee is determined and overseen by a pricing committee which will be independent of shareholders and Scheme participants.

2. The decision on the Access Fee is made without undue influence from Scheme participants or their representatives.

3. The price-setting process is based on pricing principles agreed with the FCA/PSR and mitigations are in place regarding any potential competition law risks that may arise in the process of price-setting (for example, to ensure that competitively sensitive information is not shared between competitors).

4. No Scheme participant shall have any right – direct or indirect – to attend, observe or otherwise participate in pricing committee discussions or decisions.

5. Where Scheme participants or their representatives are consulted, robust protocols are put in place to ensure pricing decisions are made by the pricing committee and ultimately guided by the pricing principles agreed with the FCA/PSR.

6. The price-setting process will be subject to requirements to prevent circumvention of the relevant conditions and safeguards for setting the Access Fee.

7. The Scheme will not restrict Scheme participants from joining alternative commercial VRP schemes.

8. There will be provision for updating the FCA/PSR regarding any changes to the Pricing Arrangements including changes to the Access Fee and reasons for this.

These conditions and safeguards will be enshrined in UKPI's governance documentation. The FCA and PSR expect UKPI to share its final governance documentation with them as soon as it is approved and reserve the right to reconsider their non-prioritisation position if the conditions set out above and further outlined in the Annex are not appropriately reflected. Full details of the Pricing Arrangements including relevant conditions and safeguards are set out in the Annex.

### *2.3 Looking ahead*

In the NPV, the Government notes that it will support the development of sustainable commercial arrangements through the incoming regulatory framework.[10] The DUAA creates the legislative foundation for the next phase of Open Banking and enables Treasury to provide various regulatory powers to the FCA.

The Phase1/Wave 1 iteration of the UKPI commercial model for the Access Fee is intended to be a short-term solution for lower risk use cases (which, given its limited scope and nascent development, represents only a small share of the sector[11]). Current industry preference is for this to be superseded by the end of 2026 by a permanent centralised fixed fee pricing model covering both Phase 1/Wave 1 and Phase 2/Wave 2 use cases, underpinned by the legislative framework of DUAA. The actual fee could vary based on the nature or volume of transactions. Work on the commercial model for Phase 2 is continuing.

Treasury is currently developing the structure of the Statutory Instrument for Open Banking. As indicated in the regulatory initiatives grid published on 11 December 2025[12], the FCA/PSR expect the DUAA SI to be laid in 2026.

## 3. Deciding whether to open an investigation under Chapter I CA98 – prioritisation assessment

Before committing resource to a formal investigation, the FCA and PSR consider whether an investigation would represent the most effective possible use of their respective resources. The PSR and FCA do so by applying their established prioritisation principles, which include, amongst others:

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[10] NPV, paragraph 3.28.

[11] Lower risk use cases (i.e. regulated financial services, regulated utilities, local and central government) collectively represent a small proportion of the overall recurring payments market (such as retail subscriptions and other consumer services which will be targeted in Phase 2/Wave 2). For example, estimates from the economic consultancy advising UKPI on the Phase 1/Wave 1 commercial model indicates that Phase 1/Wave 1 uptake will be around 1.2% of the overall addressable market for recurring payments by year 5, and around 3.4% by year 10. (Frontier, Commercial Model for Variable Recurring Payments, Wave 1, Published 9 April 2025, page 82)The PSR/FCA consider these estimates appropriate based on their own evidence gathering.

[12] https://www.fca.org.uk/publications/corporate-documents/regulatory-initiatives-grid

- the likely impact in terms of consumer benefit that an investigation may bring;
- the significance of the case;
- the risks involved in taking on a case;
- whether there are other more appropriate tools; and
- resourcing considerations.[13]

Prioritisation is a holistic assessment, taking into account all relevant factors and information.

After considering all the relevant factors and information currently available together, the FCA and PSR will not prioritise investigation of the Pricing Arrangements under Chapter I CA98. This reflects:

- The policy direction under the NPV and the PSR and FCA's public support for an industry-led commercial model. This support recognises the role of a centrally set price in driving adoption towards a critical mass and ensuring a viable commercial VRP scheme, which, in turn, has the potential to deliver consumer and merchant benefits, such as greater choice, flexibility, and competition in payment acceptance[14];
- The expected further legislative development for Open Banking commercial models under DUAA (which enables HM Treasury to provide various regulatory powers to the FCA) or other legislative framework. In this context, the FCA and PSR additionally consider that pursuing enforcement action in relation to these arrangements could risk pre-empting impending legislative developments, which could hinder regulatory progress and broader policy objectives while unnecessarily diverting resources;
- The safeguards and conditions (outlined above and set out in detail in the Annex, and which the FCA and PSR expect to be enshrined in the relevant UKPI governance documents) are intended to ensure that any price is set in a way which achieves the benefits outlined above in a balanced and proportionate way. They include: (i) provisions ensuring the independence of the Access Fee setting process; (ii) adherence to the pricing principles agreed with the FCA/PSR; (iii) robust safeguards relating to competition law risks arising from the price setting process;

[13] FG15/8 *The FCA's concurrent competition enforcement powers for the provision of financial services* published in July 2015 (available at https://fca.org.uk/your-fca/documents/finalised-guidance/fg15-08). PSR PS15/2.1 *Enforcement of the Competition Act 1998*, published in August 2015, (available at https://www.psr.org.uk/publications/policy-statements/competition-act-1998-ca98-guidance/).

[14] NPV, paragraphs 3.6 to 3.10.

(iv) protections against circumvention; and (v) provision for keeping the FCA and PSR informed of any changes to any of the arrangements and Access Fee with relevant reasoning; and

- The limited use cases included in Phase 1/Wave 1 and lower volume of transactions associated with these, which implies that if there was any detrimental impact as a result of such arrangements, it would appear to be limited, particularly in the context of the wider benefits of the scheme.

This prioritisation statement is based on information available and applies only to Phase 1/Wave 1. The FCA and PSR have not reached a decision on whether the arrangement infringes competition law and no assumption should be made that there has or has not been any such infringement. This statement is intended to apply for the period of time ahead of the proposed implementation of the legislative framework under DUAA or other relevant legislative mechanism or until July 2027, whichever is earlier. In the event that the legislative framework is not implemented by July 2027, the FCA/PSR will consider whether it would be appropriate to issue a further non-prioritisation statement to cover the Pricing Arrangements outlined in this statement – the form of which to be decided at the time taking into account developments in the market.

As flagged in our VRP December report, the FCA and PSR intend to continue reviewing progress of commercial VRP schemes generally through 2026 by monitoring scheme implementation, including coverage, pricing, user experience, and consumer-protection safeguards.

This statement does not prevent the FCA or PSR from reconsidering their non-prioritisation position and deciding to open an investigation in the future if they become aware of changes to the arrangements, the regulatory framework or of new information relevant to our prioritisation assessment.

## 4. Next steps and expectations

This statement does not constitute legal advice and firms remain responsible for compliance with competition law. Regulated firms should notify the FCA and PSR of actual or potential contraventions pursuant to Principle 11 of the Principles for Businesses and rules in the FCA's Supervision manual (see SUP 15.3.32 and following) and PSR General Direction 1 (Cooperative relationships with the PSR (2020)). These would apply if relevant firms discover further relevant information in relation to the issues identified in this statement, or in relation to other practices.

# Annex

The below sets out the specific pricing arrangements and related safeguards relating to UKPI's commercial VRP scheme for Phase 1/Wave 1 use cases as provided by UKPI, supplementing the detail provided above. These arrangements and safeguards will be enshrined in UKPI's governance documentation. The FCA and PSR expect UKPI to share its final governance documentation with them as soon as it is approved and reserve the right to reconsider their non-prioritisation position if the conditions are not appropriately reflected.

1. ASPSPs and PISPs that wish to participate in the Scheme will sign up to the UKPI scheme's MLA and agree to adhere to the scheme rulebook (Rulebook).

2. The Rulebook sets out the rules that all participants, and UKPI, must adhere to – including that PISPs must pay an access fee to ASPSPs on each transaction (the Access Fee).

3. Individual PISPs and ASPSPs wishing to transact through the scheme will agree to pay an Access Fee set by UKPI. The requirement will be set out in the Rulebook.

4. The level of the Access Fee will be determined by a pricing committee, which will be independent of shareholders and Scheme participants. This committee will draw on input and advice from appropriate experts and stakeholders, while maintaining independence from direct participant firm / shareholder influence. No Scheme participant shall have any right – direct or indirect – to attend, observe or otherwise participate in pricing committee discussions or decisions.

5. The decision on the Access Fee will be made without undue influence from Scheme participants or their representatives.

6. At all times robust safeguards are in place regarding any potential competition law risks that may arise in the process of price-setting including in relation to the treatment of competitively sensitive information. This will include (but is not limited to) ensuring that competitively sensitive pricing information used to determine and monitor the Access Fee will be securely stored, including being ring-fenced from inappropriate access, and maintained and will not be disseminated more widely than necessary or used for any other purpose. UKPI will establish the necessary processes and protocols to ensure competitively sensitive information is not exchanged between actual or

potential competitors though, or under the auspices of, the UKPI scheme.

7. At all times the setting of the access fee will be by reference to principles agreed with the PSR/FCA.

8. The level of the Access Fee may be amended from time to time based on the objectives and methodology set out in the MLA, which will be based on the pricing principles agreed with the FCA/PSR. Any amendments to level, process, methodology or principles for setting the Access Fee will be notified to the FCA/PSR in advance and with relevant reasoning.

9. The Scheme and participants will not circumvent or attempt to circumvent the Access Fee (including any requirements and safeguards for setting the Access Fee) by any practices which have the equivalent object or effect as the Access Fee. This includes implementing new rules or charges (or changing existing rules or charges) whereby scheme or other fees or charges are imposed on PISPs which have the equivalent object or effect as the Access Fee.

10. PISPs and ASPSPs that participate in the Scheme will be free to participate in alternative commercial variable recurring payments schemes.

11. UKPI and Scheme participants will ensure that there is appropriate industry/customer transparency as regards the arrangements for the price-setting process in a manner that is compliant with competition law.