

Dear Trade Associations,

Re: process to establish a Future Entity

This year we've seen rapid progress towards a vibrant open banking ecosystem. Together, we have delivered significant progress towards a flourishing and sustainable open banking ecosystem that drives competition, innovation and growth in the UK. As part of that progress, we set out our way forward for development of a Future Entity (FE) in August.¹ This letter sets out our proposed next steps and calls on trade associations to represent their members and help drive a path forward.

Reflecting on 2025

Over the past year, industry and regulators have worked closely together to strengthen the foundations for the next phase of open banking. This collaboration has underpinned key developments, including the refinement of the Multilateral Agreement for Variable Recurring Payments (VRP), the establishment of the Transitional MLA Operator and associated governance arrangements, continued work on the VRP commercial model, and continued engagement on the set up of the FE, as set out in our published vision. We have also seen growing engagement from firms and large merchants as they prepare for wider adoption of open banking and VRP services.

We are grateful to all organisations and individuals who have contributed to this progress over the past year.

Looking Ahead

2026 will be a landmark year. We expect to see live transactions flowing through the VRP scheme in Q1, and HM Treasury to introduce legislation under the Data (use and access) Act that will grant us new powers to set open banking rules, and we plan to consult on new rules for the long-term regulatory framework. We also want to see industry establish a body capable of becoming the FE. As described in our feedback statement on the design of the future entity (FS25-4), we want the FE to be the primary standard setting body for application programming interfaces (APIs) in the UK. Subject to legislation, we expect to use powers we receive through DUAA to achieve this aim.

Next Step: Establishing the Standards-Setting Body

There is more than one body interested in coordinating industry activities to establish a body capable of becoming the FE for open banking.

We are aware of two organisations interested in taking on this role:

- **Open Banking Limited (OBL)**
- **Smart Data Group (SDG)**

¹ <https://www.fca.org.uk/publications/feedback-statements/fs25-4-design-future-entity-open-banking>

Our Proposed Approach

To support progress toward establishing a body capable of becoming the FE, we are asking industry participants to engage with the organisations referenced above, as well as any others that may emerge, and to decide which option they believe should lead the next phase of work. We would prefer to see firms coalesce behind a single proposal, and we would invite interested market participants to write to us directly at openbanking@fca.org.uk—or via their trade associations—with their views as soon as is feasible, but no later than 30 January. In doing so, firms should keep in mind the future regulatory role we set out in our August publication and the expectations that the FE will need to meet.

To assist industry in coming to a view on the above, we will commission an independent consultant-led assessment of the proposals, or if industry is able to coalesce behind one proposal, an assessment of their supported proposal. This work will provide an objective, arms-length analysis. The assessment will be undertaken independently. We would welcome firms with interest in the future of open banking supporting this exercise and actively engaging in it. We anticipate that this process will begin in February.

As the future regulator of this body, the FCA will provide views on the suitability of any proposal. As the long-term regulatory framework (LTRF) develops, we anticipate that a formal decision will be made as to whether this organisation becomes the formal FE, at a later date.

Your Engagement

The collaborative work that has taken place over the past year has positioned the UK at the forefront of open banking innovation. We are confident that, through continued cooperation, we can move decisively towards the next stage – establishing the institutional and standards foundations needed to sustain long-term growth and innovation.

We look forward to hearing from you and your members in the coming weeks. In parallel, we will convene a short programme of roundtables to provide firms with an opportunity to share updated views and new information. Further details will be shared shortly.

We are also offering those bodies interested in leading the set up of the standards setting body to contact us [directly](#) to arrange a 1 hour Q&A session ahead of the launch of the independent consultancy process. If you are aware of others who have a credible proposal for launching the FE, they should contact us at: openbanking@fca.org.uk.

We look forward to working with all ecosystem participants to ensure Open Banking continues to evolve in a way that supports competition, innovation and positive outcomes for consumers and businesses.

Yours sincerely,

Andrew Self

Head of Department, Open Banking and Finance
Financial Conduct Authority