

# Open Banking

## VRP Proposition Consultation Paper

A consultation on item A2(b)(i) on the Revised Roadmap to meet the objectives and requirements of the CMA Order

Date: 9<sup>th</sup> November 2020

**Disclaimer:** The contents of this document do not constitute legal advice. Whilst the VRP Proposition Consultation Paper has been drafted with regard to relevant regulatory provisions and best practice, it is not a complete list of the regulatory or legal obligations that apply to Participants. Participants are responsible for their own compliance with all regulations and laws that apply to them, including without limitation, PSRs, PSD2, GDPR, consumer protection laws and anti-money laundering regulations.

## Contents

1. Executive Summary.....	3
2. Introduction.....	4
2.1 Purpose of this paper .....	4
3. VRP Concepts .....	4
3.1 Definition of Variable Recurring Payments (VRPs) .....	4
3.2 How VRP Consent Parameters Work.....	5
4. Regulatory treatment of VRP .....	6
4.1 VRP classification as PISP activity .....	6
4.2 Explicit consent .....	6
5. VRP Use Cases .....	8
6. Risks & Mitigations in VRP Activity.....	9
6.1 Introduction .....	9
6.2 Customer Protection Framework .....	9
6.3 Factors that impact risk in VRP use cases.....	10
6.4 Available risk control mechanisms in VRP .....	11
6.5 Types of VRP access.....	13
6.6 Liability and Dispute management.....	13
7. Example Customer Journey.....	14
8. Requirements for the VRP Standards.....	15
9. Measuring VRP usage.....	19
10. Appendix.....	19
10.1 List of consultation questions .....	19
10.2 Roadmap item reference.....	19
10.3 Identifier reference.....	20

## 1. Executive Summary

Variable Recurring Payments (VRPs) are an emerging and novel way of securely instructing payments through an API. VRPs enable innovation in payment experiences and the creation of new types of financial services for customers.

Under VRP, customers are empowered to grant a long-held consent to a Payment Initiation Service Provider (PISP) for the purpose of instructing payments on their behalf, without the need to authenticate each individual payment with the Account Servicing Payment Service Provider (ASPSP).

By enabling PISPs to move money on behalf of customers, VRPs enable new forms of financial automation, improved end-user experiences, and greater levels of consumer transparency and control.

ASPSPs and PISPs are beginning to use their API channels to engage in VRP activities through bespoke VRP APIs. Such activity is currently being conducted within the open banking FCA sandbox on VRP.

By creating a standard for VRP, the Open Banking Implementation Entity (“OBIE”) will establish a uniform interface for VRP that:

- Reduces the cost of delivering and using VRP APIs.
- Is compatible with the regulatory treatment of VRP.
- Adequately controls risk and protects consumers.
- Establishes a consistent and suitable VRP customer experience across the UK market.

The Revised Roadmap for Open Banking<sup>1</sup> requires the OBIE to develop a VRP Standard as a non-mandatory Standard (Roadmap Item A2(b)(i)). Separately, Roadmap Item A10 requires the OBIE to evaluate how to deliver Sweeping. If the conclusion of the Sweeping Evaluation is that VRPs are required in order to deliver Sweeping, VRPs could become a mandatory requirement of the CMA9 for the purposes of Sweeping only.

This document provides an analysis of VRP activity from a regulatory, risk, and product perspective. Finally, this document distils a set of requirements upon which the materials for a VRP Standard will be based.

---

1

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/885537/Notice\\_of\\_proposed\\_changes\\_to\\_the\\_open\\_banking\\_roadmap\\_-\\_web\\_publication\\_-\\_cma\\_gov\\_uk\\_---\\_May\\_2020\\_-.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/885537/Notice_of_proposed_changes_to_the_open_banking_roadmap_-_web_publication_-_cma_gov_uk_---_May_2020_-.pdf)

## 2. Introduction

### 2.1 Purpose of this paper

The purpose of this paper is to form the basis of the OBIE Variable Recurring Payments Standard.

The CMA Order “Agreed Timetable and Project Plan” (see Notice of proposed changes to the open banking roadmap CMA May 2020) published on May 15 2020 requires the OBIE to develop VRP Standards, specifically:

**A2(b)(i) - Variable Recurring Payment, VRP Standards Development:** Including functional specifications, Customer Experience Guidelines, consumer protection framework, and dispute management.

## 3. VRP Concepts

### 3.1 Definition of Variable Recurring Payments (VRPs)

VRPs are defined as a series of payments initiated by a PISP using a long-held consent (“VRP Consent”), where:

- a. the VRP Consent must be authorised by the Payment Service User (“PSU”) via Strong Customer Authentication (“SCA”) at their ASPSP (“VRP Consent Setup”), however each individual payment instructed (“VRP Payment”) using the VRP Consent does not require SCA of the PSU by the ASPSP;
- b. the timing or amount of each payment need not be fixed during the VRP Consent Setup but is instead subject to the constraints of certain parameters (“VRP Consent Parameters”), agreed between the PISP and the PSU, which are enforced by the ASPSP; and
- c. the VRP Consent Parameters are included within the VRP Consent and are therefore subject to SCA of the PSU by the ASPSP as part of the VRP Consent Setup.

From an open banking perspective, there are two different ways of managing SCA under VRP:

#### 3.1.1 VRP Payments with an SCA exemption

VRPs with an SCA exemption are defined as “VRP Payments instructed under a VRP Consent with Consent Parameters that qualify for an SCA Exemption such that, following successful VRP Consent Setup, subsequent individual VRP Payments can be made without further authorisation from the PSU.”

*ASPSPs are allowed not to apply SCA provided that there is an available SCA exemption<sup>2</sup>.*

---

<sup>2</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32018R0389> Article 13, Article 16, Article 18

### 3.1.2 VRP Payments with delegated SCA

VRPs with delegated SCA are defined as “VRP Payments that are initiated by the PISP and do not rely on the application of an SCA exemption by the ASPSP, but rather the application of delegated SCA to each individual VRP Payment.” This will provide explicit consent for each payment instruction, dynamically linking the amount and a payee, allowing for flexibility on the VRP Consent Parameters provided that the applicable SCA requirements are met.

*The existing OBIE Standard already allows for an ASPSP to delegate SCA to another party to support use cases such as allowing the AISP to re-authenticate the PSU every 90 days (please see <https://openbankinguk.github.io/read-write-api-site3/v3.1.6/profiles/read-write-data-api-profile.html#consent-re-authentication>).*

### 3.2 How VRP Consent Parameters Work

VRP Consent Parameters are a set of constraints included within a VRP Consent which restrict the way in which it can be used to make payments. The restrictions are enforced both by the ASPSP and the PISP.

Examples of VRP Consent Parameters are:

- Name of the payee
- Payee account identification details
- The maximum cumulative value of payments initiated under the VRP Consent
- The maximum cumulative number of payments initiated under the VRP Consent
- The maximum payment value per payment
- The maximum cumulative payment value per day (or month)
- Expiry Date of the VRP Consent

VRP Consent Parameters can be used by PISPs to minimise risk exposure by tailoring constraints on the VRP Consent to the specific minimal needs of a given activity, and to create transparency for the customer on the extent of risk associated with granting a given consent.

Please see section 4.2.1 below for details of how VRP Consent Parameters must be applied when relying on an SCA exemption.

#### **Consultation Questions:**

- 1. To what extent do you agree with the definition of VRP? Please give reasons for your answer.**

## 4. Regulatory treatment of VRP

Through the FCA Sandbox, Open Banking has developed the following understanding on the regulatory treatment of VRP:

### 4.1 VRP classification as PISP activity

VRP is a regulated PISP activity. A PISP is able to initiate VRP Payments provided that the PSU has given their 'explicit consent'. From a PSRs perspective the PSU can give their explicit consent for VRP Payments either through:

- VRP Consent Parameters (e.g. payee, maximum amount, frequency of payments and duration) strongly authenticated by the ASPSP during the VRP Consent Setup, allowing for an SCA exemption for individual VRP Payments, or;
- Delegated SCA of the PSU for individual VRP Payments.

The PSU should be able to cancel a VRP Consent at any time, through either the PISP or the ASPSP.

### 4.2 Explicit consent

PSR, Regulation, 69(2) requires 'explicit consent' for the instruction of payment orders. Under VRP, explicit consent for payment instructions can be achieved in two ways:

#### 4.2.1 VRP Payments with an SCA exemption

Once the Initial VRP Consent Setup is successfully complete, which includes the application of SCA covering the VRP Consent Parameters, the PISP may initiate, on the PSU's behalf, a series of VRP Payments within those VRP Consent Parameters and without the PSU being required to authenticate again.

These payments must rely on the application of an available exemption. The type of exemption that an ASPSP may choose to apply will be largely dependent on the payment attributes. For example, where the payee in a VRP Consent remains the same, the ASPSP will likely rely on the Article 13 exemption set out in the SCA-RTS (by setting up the payee as a trusted beneficiary) or another available exemption (e.g. Transaction Risk Analysis or low-value).

The customer can be treated as having given explicit consent for each VRP Payment under a VRP Consent, provided that:

- a) the payee is fixed;
- b) the number and/or frequency of payments is fixed (or capped); and
- c) although the amount cannot be fixed in advance, there are clear parameters around the permitted value, such as maximum individual payment amount, maximum total value in a month or year etc.

Once the VRP is set up and the appropriate exemption applied, the application of the wider PSR framework, together with FCA regulation of PISPs and ASPSPs, ensures appropriate provisions are in place to govern each single immediate payment that is made under the VRP Consent.

PSRs, Reg 69(3)(h) states that a PISP is not permitted to "change the amount, the payee or any other feature of a transaction notified to it by the payer". In the context of VRP, the 'amount' referred to should be treated as the cap or range agreed to by the payer in the original VRP Consent. The PISP cannot change or exceed this value, and the payee and frequency (or maximum number) of transactions are fixed.

#### 4.2.2 VRP Payments with delegated SCA

Once the Initial VRP Consent Setup is successfully complete, the PISP can initiate, on the PSU's behalf, a series of VRP Payments within the VRP Consent Parameters with the application of delegated SCA for each individual VRP Payment. This provides explicit consent for each payment instruction and dynamically links the amount and a payee, providing flexibility on the VRP Consent Parameters provided that the applicable SCA requirements are met.

This method is designed to enable smoother customer experience and increased innovation and has received significant interest from several large TPPs and merchants. However, delegated SCA requires some form of contract between the ASPSP and PISP and, to date, there have been no reported examples of delegated SCA being implemented.

However, delegating SCA under a VRP Consent offers several distinct advantages to delegating SCA without a VRP Consent, specifically:

- a) the VRP Consent can contain one or more VRP Consent Parameters, which the ASPSP can use to limit/mitigate risk (e.g. frequency and amount of payments);
- b) the flexibility of using these VRP Consent Parameters in different combinations can meet a wide number of different use cases; and
- c) the PSU will have full visibility and control in the case they need to view and potentially revoke access at the ASPSP.

Therefore, this category of VRP is more likely to gain traction with ASPSPs and PISPs who wish to offer delegated SCA.

#### 4.3 Liability model of PSD2 in relation to VRP

VRP is considered a PISP activity and consequently the PSRs liability framework applies.

##### **Consultation Questions:**

- 2. To what extent do you agree with the interpretation of the regulatory treatment of VRP? Please give reasons for your answer.**

## 5. VRP Use Cases

VRP has application across many different use cases. The following is a list of example use cases which demonstrate the wide applicability of VRP:

ID	Use case description
1	As a home owner, I want to allow my electricity provider to automatically take payments from my bank account but only up to a maximum of £100 per month.
2	As the user of a social network, I want to connect my bank account so that I can make quick and easy in-app authentication of payments to my friends and be able to easily disconnect it from an access dashboard with my bank if I change my mind.
3	As a new customer of a subscription service, I want to set up my subscription payments such that it expires after 6 months so that I don't get caught in a subscription trap.
4	As a ride-hailing app customer, I want to connect my bank account so that payment is made automatically on my behalf as I arrive at my destination with a maximum payment size of £45.
5	As a customer using an online marketplace, I want to do a one-time payment setup for one-click payments offered by the marketplace to enable a quick checkout process
6	As a customer looking to earn more interest, I want to use a third-party smart saving app that moves money from my bank accounts to my own saving account on a flexible/variable basis so that I can save money.
7	As a customer looking to avoid unnecessary fees, I want to use a third-party service that monitors my account to maintain a threshold balance in my account or avoid overdraft fees and moves funds as and when required between my accounts.
8	As a customer in financial difficulty, I want convenient short-term credit to avoid going overdrawn, and then to automate repayments so that I minimise both my overdraft fees and borrowing costs.

## 6. Risks & Mitigations in VRP Activity

### 6.1 Introduction

To date, while the OBIE specification supports a wide variety of payments, PISPs in the UK have mostly engaged in this regulated activity using the Single Immediate Payment (SIP) APIs standardised by Open Banking, in which each payment undergoes SCA of the PSU by the ASPSP.

As a novel PISP activity, VRPs introduce a new set of challenges with regard to risk and liability. This is because, unlike the existing SIPs, subsequent VRPs do not undergo SCA of the PSU by the ASPSP. When instructing payments under VRP model, the PISP will either:

- Make a decision to instruct the payment order on behalf of the customer without SCA by reliance on an available exemption (“customer not in session”), or;
- Carry out SCA of the PSU either themselves or via another party to whom the ASPSP has delegated the responsibility for SCA (“customer in session”).

### 6.2 Customer Protection Framework

Given that VRP is a regulated PISP activity, the market can derive assurance on PISPs ability to control risk, and appropriately protect customers, through the regulatory oversight afforded to it as a regulated activity.

As a regulated financial institution, PISPs are required to have appropriate risk controls in place for the activities they engage in, and this is assured to market through their regulatory supervision.

Under supervision PISPs will ensure that adequate consumer protections and other risk controls are in place to cover their VRP activities, and this would be guided under the FCA’s Principles for Business<sup>3</sup>. PISPs that do not sufficiently protect consumers or control risk will be detected and corrected through the regulator’s monitoring and supervision of PISP activity, as well as, through dispute mechanisms like the FOS, which are available to their customers.

This model allows PISPs to adopt risk controls suited to their specific activities whilst regulatory supervision provides assurance that consumers remain adequately protected and risks are sufficiently controlled.

#### ***FCA Principles for business that regulated firms must adhere to***

Principle	Description
<b>1. Integrity</b>	A firm must conduct its business with integrity.
<b>2. Skill, care and diligence</b>	A firm must conduct its business with due skill, care and diligence.
<b>3. Management and control</b>	A firm must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.
<b>4. Financial prudence</b>	A firm must maintain adequate financial resources.
<b>5. Market conduct</b>	A firm must observe proper standards of market conduct.

<sup>3</sup> <https://www.fca.org.uk/about/principles-good-regulation>

<b>6. Customers' interests</b>	A firm must pay due regard to the interests of its customers and treat them fairly.
<b>7. Communications with clients</b>	A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.
<b>8. Conflicts of interest</b>	A firm must manage conflicts of interest fairly, both between itself and its customers and between a customer and another client.
<b>9. Customers: relationships of trust</b>	A firm must take reasonable care to ensure the suitability of its advice and discretionary decisions for any customer who is entitled to rely upon its judgment.
<b>10. Clients' assets</b>	A firm must arrange adequate protection for clients' assets when it is responsible for them.
<b>11. Relations with regulators</b>	A firm must deal with its regulators in an open and cooperative way, and must disclose to the appropriate regulator appropriately anything relating to the firm of which that regulator would reasonably expect notice.

### 6.3 Factors that impact risk in VRP use cases

Our analysis has identified some key factors affecting the levels of risk associated with different types of VRP use case, which PISPs will need to address through their risk controls:

#### 6.3.1 Customer presence for VRP payment

If the use case requires that the customer is “not in session” for the instruction of an individual VRP payment (i.e. does not perform SCA of the PSU and relies on the application of an available SCA exemption), then there is increased risk of customer dispute because the PISP may instruct a payment on behalf of the PSU which the PSU would dispute. We note that this risk factor does not apply to VRP Payments with delegated SCA.

#### 6.3.2 Restrictiveness of consent parameters

If the use case requires less restrictive consent parameters (eg. the ability to make larger size individual payments) then the risk associated with the VRP consent increases.

#### 6.3.3 Payments to a counterparty

VRP Payments to a counterparty (i.e. where the payer is different from the payee) involve counterparty risks and therefore increased likelihood for dispute. This is particularly true for “consumer payment” use cases, where contracts should set out terms to both parties and establish a suitable dispute process with sufficient protections.

#### 6.3.4 Recoverability of funds

If the destination account of the VRP Payment carries with it more difficulty in recovering funds (eg. long term savings accounts), then the increased challenge in reversing the flow of funds for payments made in error represents increased risk.

### 6.4 Available risk control mechanisms in VRP

Under the VRP model, there are several levers available to control risks associated with different types of VRP use case:

#### 6.4.1 PSD2 liability model

Because VRP is a regulated PISP activity, PSD2/ PSRs provides a base liability framework.

#### 6.4.2 Consent parameters

The VRP consent that is granted by the PSU to the PISP can include a set of agreed parameters that constrain the use of the consent (e.g. specifying the destination account, limiting the amount, expiry date, etc). This provides transparency and assurance to the PSU by allowing them to agree to payments within specific limitations.

#### 6.4.3 PISP-PSU contract

A service contract between the PISP and PSU can provide additional protections and assurances to customers on top of the PSD2 liability model.

#### 6.4.4 ASPSP-PSU contract

A framework contract between the ASPSP and PSU can provide additional protections and assurances to customers.

#### 6.4.5 ASPSP-PISP contract

A contract between ASPSP and PISP can establish terms of liability, risk controls, consumer protection rules, and dispute processes (see Section 6.6 for more on dispute management).

#### 6.4.6 Non-repudiation between ASPSP and PISP for granting of consent and individual payments

The VRP standard requires PISPs and ASPSPs to sign their API requests and responses. Message signing provides PISPs and ASPSPs with cryptographic attestation and proof of their interactions, which acts as a risk control by establishing non-repudiation between ASPSP and PISP throughout the VRP consent setup and individual VRP payments.

#### 6.4.7 PISP attestations to nature of individual payment

When making a VRP Payment, PISPs can attest to the nature of the payment. This signalling helps assure ASPSPs that the nature of the activity is as agreed under the terms of access granted to the PISP.

#### 6.4.8 PSU revocation of access at the ASPSP

PSUs are granted full visibility and control over all the variable recurring payment access given by the PSU to all PISPs on the access dashboard. This enables the PSU to review and revoke specific access given to PISPs.

#### 6.4.9 PSU revocation of consent at the TPP

PSUs are granted full visibility and control over all VRP Consents given to an individual PISP at one or more ASPSPs on the consent dashboards. This enables the PSU to review and revoke specific VRP consents given at different ASPSPs.

#### **Consultation Questions:**

- 3. To what extent do you agree with the analysis of risks and mitigations, including the consumer protection framework? Please give reasons for your answer.**

## 6.5 Types of VRP access

Whilst the VRP standard will set out how VRP Consents are setup and VRP Payments are initiated, it does not set out to prescribe the terms of the access by which PISPs may access a given ASPSP's VRP API.

We have identified three main types of VRP access that may be afforded to PISPs:

	Description	Impact on liability and risk
<b>Bilateral contractual access</b>	<p>A bilateral agreement between each PISP and ASPSP that can define terms of VRP access including:</p> <ul style="list-style-type: none"> <li>• Liability shifts</li> <li>• Consumer protection rules</li> <li>• Dispute processes</li> <li>• Commercial model</li> </ul>	<p>A contract can establish liability shift from ASPSP to PISP in addition to PSD2 liability model when the VRP activity is high enough risk to require that.</p> <p>ASPSP duty of care to customer provides additional assurance on quality of customer protections determined in the contract.</p>
<b>Multilateral contractual access</b>	<p>A multilateral contract between one or more ASPSPs and one or more PISPs that can define terms of access VRP including:</p> <ul style="list-style-type: none"> <li>• Liability shifts</li> <li>• Consumer protection rules</li> <li>• Dispute processes</li> <li>• Commercial model</li> </ul>	<p>The same as above, but including:</p> <p>A predefined set of terms across all participants.</p> <p>Terms can establish standardised set of consumer protections and liabilities across all participants.</p>
<b>Regulated non-contractual access</b>	<p>Access afforded to a PISP as a regulatory right that does not require a contractual basis for access.</p>	<p>Without a contract in place the standard PSD2 liability model applies.</p>

## 6.6 Liability and Dispute management

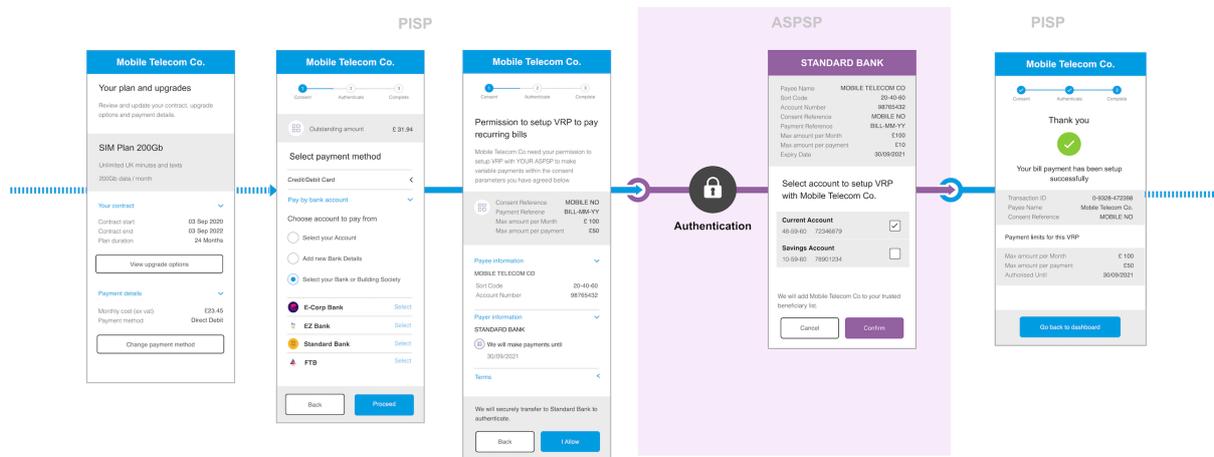
VRP is a PISP activity and falls into the PSRs liability framework. PISPs and ASPSPs engaging in VRPs will also need to ensure that their dispute resolution procedures for their customers are designed to both identify and address specific VRP disputes in order to offer their customers appropriate protections. In addition to the customer protections available in the PSRs and DISP rules, it is also recommended that ASPSPs and PISPs create their own innovative and robust customer protections within VRP contractual agreements with each other. This is seen as a key driver in encouraging adoption and driving competition within the variable recurring payment landscape.

OBIE also is the facilitator of Dispute Management System (DMS), which is a unique platform that provides an end to end case management tool that enables Account Servicing Payment Service Providers (ASPSPs) and Third Party Providers (TPPs) to connect and share information securely and

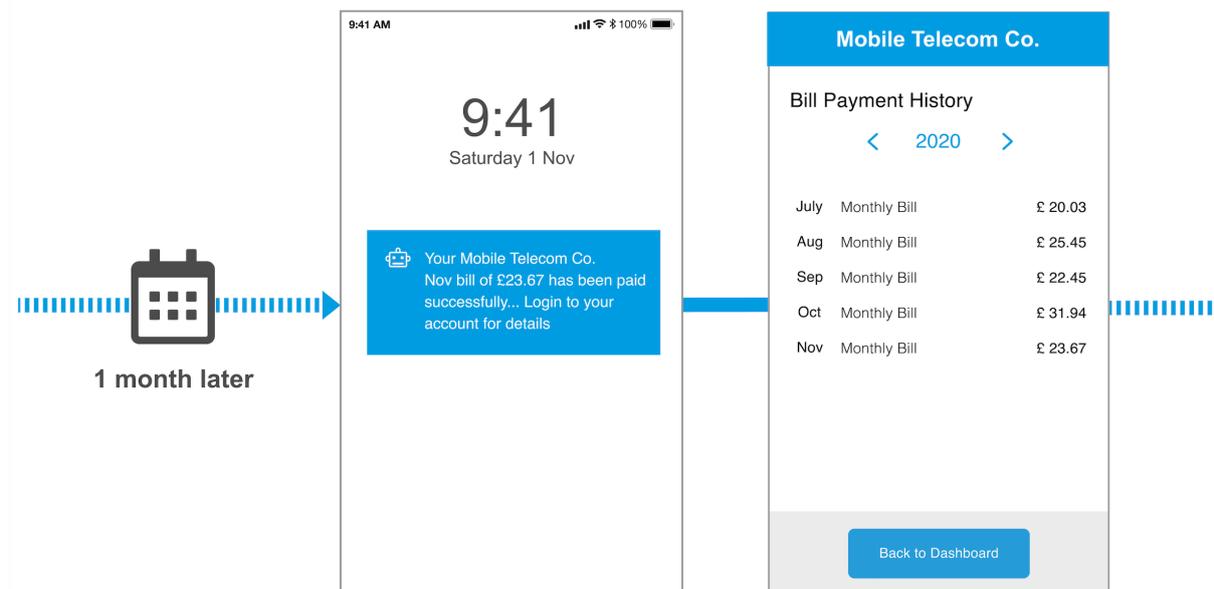
safely for the purpose of answering customer enquiries, disputes or complaints. DMS currently supports a wide range of categorisations of potential customer disputes and complaints that could arise from open banking products and services. These categorisations could be extended to support VRP disputes, as well as, expanded to capture any new categorisations that may emerge as a result of VRPs.

## 7. Example Customer Journey

The following wireframes demonstrate how VRP could be applied to setting up recurring bill payments for a mobile phone contract:



The following wireframes demonstrates ongoing bill payment made with the above VRP Consent when the customer is not “in session”:



## 8. Requirements for the VRP Standards

These are stated as requirements of the OBIE solution to provide a standard for VRP.

Requirements marked as 'M'(Must) are in the scope of the OBIE solution. All other requirements are listed for future consideration.

Each requirement below is 'optional' for implementation by ASPSPs and/or TPPs. However, in the event any ASPSP is mandated to implement VRPs for any use case (e.g. sweeping), some of these requirements may become 'mandatory' or 'conditional'. These terms are defined in the document "Categorisation of requirements for standards and implementation"<sup>4</sup>.

ID	Description	MoSCoW	Rationale	Implementation by ASPSPs
1	The OBIE's Solution(s) <b>must</b> allow the PISP to transmit or confirm the PSU's VRP Consent to the ASPSP.	M	Regulatory	
2	<p>The OBIE's Solution(s) <b>must</b> optionally enable the following standardised consent parameters of the VRP Consent, which are agreed as part of the consent between the PISP and the PSU, and transmitted to the ASPSP:</p> <ul style="list-style-type: none"> <li>• Payee Account Name.</li> <li>• Payee Account Identification details (e.g. account number and sort code or additionally roll number or full IBAN).</li> <li>• The maximum amount of each payment initiated under the VRP Consent.</li> <li>• The maximum cumulative amount per month of payments initiated under the VRP Consent.</li> <li>• Expiry Date of the VRP Consent.</li> <li>• Reference (Remittance Information)<sup>9.5(3)</sup></li> </ul>	M	Regulatory	

4

<https://openbanking.atlassian.net/wiki/spaces/WOR/pages/469533314/Categorisation+of+requirements+for+standards+and+implementation>

3	The OBIE Solution(s) must allow the PISPs to initiate domestic payments with the VRP Consent.	M	Customer	
4	The OBIE's Solution(s) <b>must</b> allow the ASPSP to apply SCA during VRP Consent Setup.	M	Regulatory	
5	The OBIE's Solution(s) <b>must</b> enable the PSU to select the payment account directly with the ASPSP as part of the consent process if not already provided via the PISP.	M	Regulatory	
6	The OBIE's Solution(s) <b>must</b> enable the ASPSP to return to the PISP, as part of VRP Consent Setup, the payment account if the PSU has selected one with the ASPSP.	M	Customer	
7	<p>The OBIE's Solution(s) <b>must</b> enable the PISP to transmit the following for each VRP payment initiated as part of a VRP Consent:</p> <ul style="list-style-type: none"> <li>• reference to identify the VRP consent (VRP Consent ID)</li> <li>• InstructionIdentification<sup>9.5(2)</sup></li> <li>• Amount.</li> <li>• Currency.</li> <li>• Reference (Remittance Information)<sup>9.5(3)</sup></li> <li>• Date.</li> <li>• *type of transaction (customer in an active session OR customer not in active session).</li> <li>• indicator to show whether the customer is in session or out of session.</li> </ul> <p>Note:</p> <p>*Customer not in active session: when the PSU is not in an active session of the PISP and the PISP has initiated the payment on behalf of the customer.</p> <p>Customer in an active session: PSU was in an active session of the PISP service and has performed a Call to action to initiate the payment.</p>	M	Regulatory	

8	The OBIE's Solution(s) <b>must</b> enable the PISP to indicate whether the customer is present in the session or out of session for each VRP payment initiated as part of a VRP Consent.	M	Customer	
9	The OBIE's Solution(s) <b>must</b> enable the PISP to provide additional evidence to the ASPSP of customer attestation for specific VRP payment.	M	Customer	
10	The OBIE's Solution(s) <b>must</b> enable the ASPSP to reject a VRP Payment made by a PISP with a VRP Consent if the payment would exceed the VRP Consent Parameters.	M	Customer	
11	The OBIE's Solution(s) <b>must</b> allow the ASPSP to respond by sending a status "AcceptedCreditSettlementCompleted" (ISO code ACCC) when the Payee account has been credited with the funds of the payment initiated as part of a VRP Consent.	M		
12	The OBIE's Solution(s) <b>must</b> enable the PSU to setup multiple VRP Consents, with varying Consent Parameters, for the same PISP at the ASPSP.		Customer	
13	The OBIE's Solution(s) <b>must</b> provide guidance to PISP to notify the PSU either prior or post-initiation of payment as part of a VRP Consent.  Note: This could vary based on the use case or bilateral between the PISP and the PSU.	M	Customer	
14	The OBIE's Solution(s) <b>must</b> enable PISPs and ASPSPs to refund the PSU the amount disputed by the PSUs.	M	Customer	
15	The OBIE's Solution(s) <b>must</b> enable PISP to notify the ASPSP when the PSU is refunded and vice versa.	M	Customer	
16	The OBIE's Solution(s) <b>must</b> enable the PSU to revoke a VRP Consent via the PISP.	M	Customer	
17	The OBIE's Solution(s) <b>must</b> enable the PSU to revoke Variable Recurring	M	Customer	

	Payment access directly with the ASPSP.			
18	The OBIE's Solution(s) <b>must</b> allow the PISP to provide the ASPSP with the indication of the types of VRP payment(s) that the VRP Consent relates to.	M	Customer	
19	The OBIE's Solution(s) <b>must</b> allow the ASPSP to send a specific message to the PISP in response to an access request that they can no longer access if the account(s) has been fully switched to another ASPSP.	M	Customer	
20	The OBIE's Solution(s) <b>must</b> allow the ASPSP to enable the above functionality (requirement #19) for all VRP consents given by the PSU to a PISP.	M	Customer	
21	The OBIE's Solution(s) <b>must</b> enable PISPs to receive, with a single API call (aggregated polling), specific messages of the account switch status for multiple PSUs with a specific ASPSP during a specific period.  Note: MVP is to support status 'Account switch completed'.	M	Customer	
22	The OBIE's Solution(s) <b>must</b> allow ASPSPs to provide MI on metrics and adoption as per section 9 below.	M	MI Specifications	Optional
23	The OBIE's Solution(s) <b>must</b> allow the PISP to provide the ASPSP with an established indicator to indicate that the VRP payment relates to sweeping	M	Customer	
24	The OBIE's Solution(s) <b>must</b> enable a mechanism for the ASPSPs to identify that the PISP is performing a sweeping activity.	M	Customer	

**Consultation Questions:**

4. **To what extent do you agree with the requirements for the VRP standard? Please give reasons for your answer.**

## 9. Measuring VRP usage

The following metrics are recommended as a way to measure usage of VRP:

- The total number of PISPs that have setup VRP Consent.
- The total volume of VRP Consent set up through a PISP.
- The total volume of successfully setup VRP Consent via PISPs.
- The total volume of VRPs that failed to be authorised by the PSU.
- The total volume of Variable Recurring Payment access that was cancelled by PSU at the ASPSP.
- The total volume of VRP Consent set up for non-sweeping.
- The total volume of successful VRP payments for non-sweeping
- The total volume of failed VRP payments for non-sweeping.

## 10. Appendix

### 10.1 List of consultation questions

- 1. To what extent do you agree with the definition of VRP? Please give reasons for your answer.**
- 2. To what extent do you agree with the interpretation of the regulatory treatment of VRP? Please give reasons for your answer.**
- 3. To what extent do you agree with the analysis of risks and mitigations, including the consumer protection framework? Please give reasons for your answer.**
- 4. To what extent do you agree with the requirements for the VRP standard? Please give reasons for your answer.**

### 10.2 Roadmap item reference

The following are extracts referencing the scope of VRP & Sweeping taken 'as-is' from the published roadmap:

Reference	Roadmap Scope Item	Original Roadmap Item	Objective	Description & Work Activity
A2 (b)(i)	Variable Recurring Payments	P5(b)	Completion of the assessment of Variable Recurring Payments including review of learnings from the FCA's Regulatory Sandbox.	<p><b>FCA Regulatory Sandbox Execution</b></p> <ul style="list-style-type: none"> <li>• Execution of FCA Regulatory Sandbox including provision of Report, with a particular focus on consumer protection, by end of October 2020.</li> </ul> <p><b>VRP Standards Development:</b></p> <ul style="list-style-type: none"> <li>• Including functional specifications, Customer Experience Guidelines, consumer protection framework / rulebook, and dispute management.</li> <li>• <b>First Draft Standards:</b> commenced March 2020, to complete by end of October 2020.</li> <li>• <b>Industry consultation (including CMA9 Participation) on first Draft Standards:</b> for two months, to commence four months after end of the Crisis Impact Period.</li> <li>• <b>Second Draft Standards:</b> for one month, six months after the end of the Crisis Impact Period.</li> <li>• <b>Industry consultation (including CMA9 Participation) on second Draft Standards:</b> for one month, to commence seven months after end of the Crisis Impact Period.</li> <li>• <b>Final Standard &amp; Report:</b> to be published nine months after the end of the Crisis Impact Period.</li> </ul>

### 10.3 Identifier reference

<https://openbankinguk.github.io/read-write-api-site3/v3.1.6/profiles/payment-initiation-api-profile.html#identifier-fields>

ID	Identifier	Generated	Business Description
1	EndToEndIdentification	Merchant/PISP Sent in API Payload	The EndToEndIdentification reference is a reference that can be populated by the debtor (or merchant in the ecommerce space). This reference is important to the debtor (could be an internal reference Id against the transaction), it is NOT the reference information that will be primarily populated on the statement of the creditor (beneficiary).
2	InstructionIdentification	Merchant/PISP Sent in API Payload	<p>The PISP generates the InstructionIdentification which is a unique transaction Id and passes it to the ASPSP (this is mandatory), but this does not have to go any further in the payment flow. The flow of this identifier needs to align with payment scheme rules.</p> <p>The expectation is that this is unique indefinitely across all time periods. The PISP can ensure this is indefinitely unique by including a date or date-time element to the field, or by inserting a unique Id.</p>
3	RemittanceInformation	Merchant/PISP Sent in API Payload	The RemittanceInformation is the reference information that the creditor (or beneficiary) will need to reconcile (e.g. Invoice 123).