

TOKEN

OPEN  
BANKING  
EXPO

2024 industry survey report

# Variable Recurring Payments

## and the future of payments



FOURTH EDITION



# Contents



## Introduction

|                    |   |
|--------------------|---|
| Foreword           | 4 |
| Introduction       | 5 |
| TLDR: Key insights | 7 |



## The industry pulse

|                      |    |
|----------------------|----|
| Adoption accelerator | 9  |
| The industry pulse   | 10 |
| Merchant motives     | 17 |



## Banking on VRP

|                                |    |
|--------------------------------|----|
| Expectations vs. reality       | 20 |
| An invitation to intervention? | 26 |
| A bright SPAArk                | 28 |



## Name your price

|                       |    |
|-----------------------|----|
| Perspectives on price | 32 |
|-----------------------|----|



|                               |    |
|-------------------------------|----|
| Calls for consumer protection | 40 |
|-------------------------------|----|

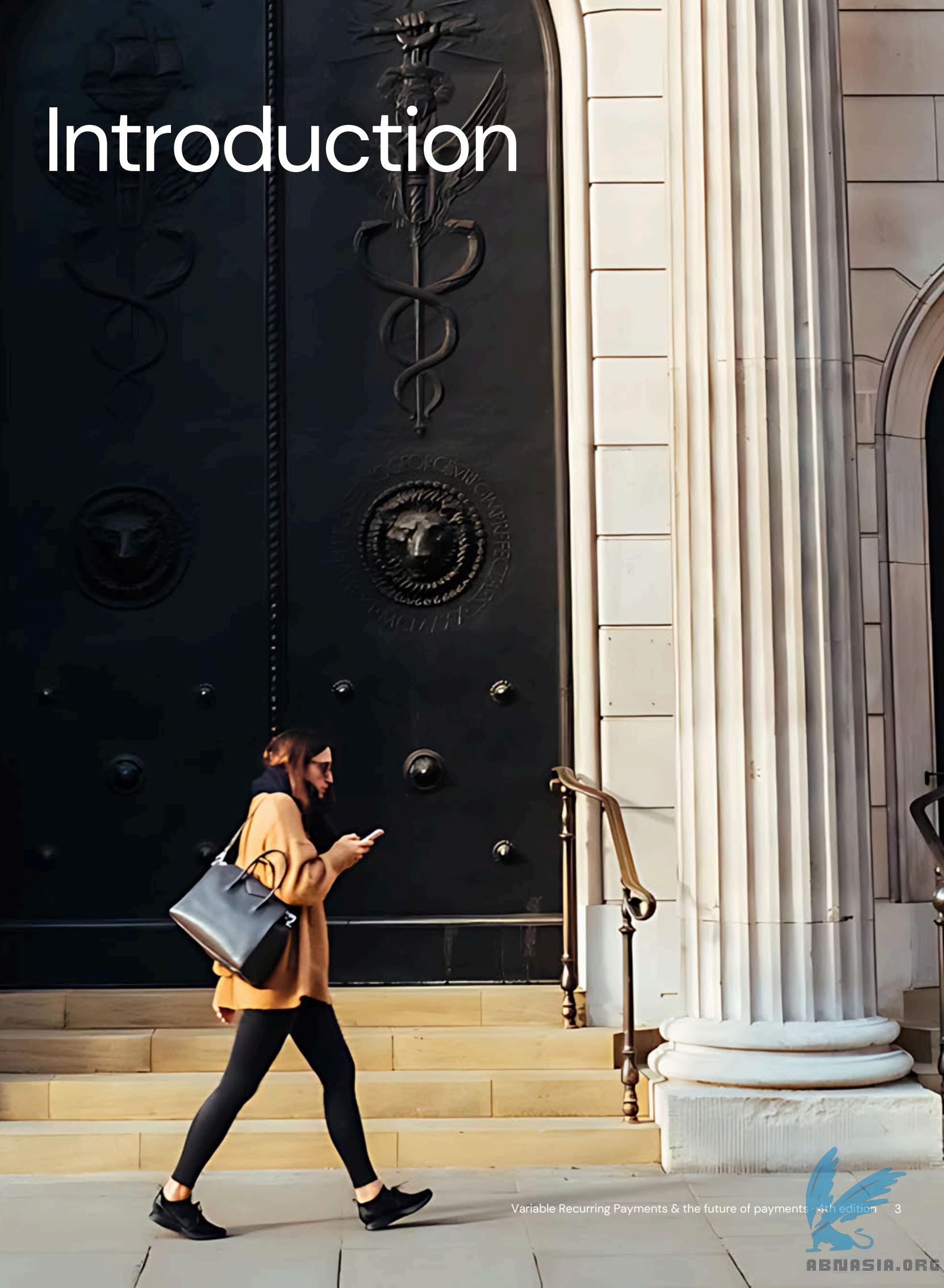


|            |    |
|------------|----|
| Conclusion | 44 |
|------------|----|

## Annex

|                |    |
|----------------|----|
| Contributors   | 47 |
| Glossary       | 48 |
| About Token.io | 49 |

# Introduction





## Foreword

OBL welcomes the key industry findings from the 4th annual Token.io survey on VRPs. This is an important area for the growth of open banking payment products and the first real test case for premium APIs in the UK. On the back of commercial VRPs, the ecosystem will broaden out open banking competitive products and services, and pave the way for future premium APIs.

Each month the number of successful sweeping VRPs increases. In August 2024, there were just under three million successful sweeping VRP payments, around 15% of the total of all open banking initiated payments. Given that sweeping VRP has relatively limited use cases compared with the plans for commercial VRPs, even under the proposal to start with lower risk sectors, then the future looks very bright for CVRP payments.

For CVRP, OBL and Pay.UK have established a CVRP working group that is actively working on getting the first wave of CVRP products to market. We are building on the VRP blueprint and UK Finance model clauses work, to set the rules and requirements for CVRPs into a Multilateral Agreement (MLA). We anticipate publishing a draft MLA for consultation towards the end of the year, or early in 2025.



The findings in this annual VRP survey are very timely for the progression of that work. A great example of this is the need for a commercial model to be added into the MLA after we have finished consulting on it. But who sets the price and on what basis is a subject that continues to be debated by us, industry and regulators. It will also need to be compliant with competition law. And as we know, for consumer and business adoption, end-to-end costs will be critical, and the 2024 survey shows that there is still a difference of opinion on what the price should be between TPPs and ASPSPs. We will need to work through this and get to a position that will make CVRP payments flow on a sustainable level.

The findings of this survey are heartening to see. It reinforces OBL's view that the UK is on the right track with CVRPs. We are all working hard to deliver the rules and requirements that will allow PISPs and ASPSPs to deliver new products and services in 2025 and beyond. It will be an exciting year, and I look forward to what the 2025 survey will say.

**Henk Van Hulle**  
Chief Executive Officer

**OPEN BANKING**



# Introduction

This is the fourth annual Token.io and Open Banking Expo Variable Recurring Payments (VRPs) and the future of payments industry survey and, as always, the findings offer insight and impetus.

Publication of this industry survey provides an opportunity to take stock of ecosystem attitudes to commercial VRPs and Dynamic Recurring Payments (DRPs), and the actions that have been taken in the time since our last survey.

The findings indicate that, when it comes to VRP and DRP, payment service providers, banks and merchants are largely positive and recognise the benefits to be gained from implementing CVRPs.

Among banks, 79% believe CVRP will benefit their consumer account holders, while an equal number believe CVRP will benefit the overall UK payments ecosystem.

The majority of merchants surveyed (57%) aim to convert their card payments to CVRP, with those keen to adopt typically motivated by cost savings and a reduction in chargebacks.

Still, banks' support of CVRP remains a top concern among 53% of respondents. Merchants surveyed also indicated that, before they would adopt CVRP, they would need to see banks covering 70% of UK consumer current accounts supporting CVRP.

When it comes to action, while there has been some progress, it is likely not the concrete progress that many across the Open Banking payments ecosystem would have expected by now.

In December last year, the Joint Regulatory Oversight Committee responded to the VRP Working Group's recommendation to launch a non-sweeping variable recurring payment pilot by proposing this pilot should be live by the third quarter of 2024 – a date that has now been and gone.

In April this year, UK Finance set out several model clauses for VRPs, with the aim to support the development of VRPs for commercial applications in the UK, urging the industry "to take this opportunity to collaborate and drive the adoption and utility of VRPs".

Since then, the Payment Systems Regulator (PSR) published its response to a call for views on the expansion of VRPs in the UK around key areas, including a multilateral agreement and mandated participation.

The PSR intends to share a set of updated proposals for stakeholder comment in the Autumn, when it will also publish a draft cost-benefit analysis to accompany these proposals.

According to our survey, this year the industry has adjusted its expectations around delivery of CVRP to 2025 and 2026 – and beyond.

For example, when asked when they expect to be able to offer CVRP to their merchants for utilities, government and financial services – deemed low risk – use cases, 30% of payment providers and TPPs suggested the second half of 2025, while 15% believe it will be the second half of 2026 or later.

When it comes to commercial VRPs, the time is now.



**Ellie Duncan**  
Head of Content  
Open Banking Expo



Open Banking Expo is a global community of Open Banking and Open Finance executives responsible for digital transformation across the financial services sector. The brand organises face-to-face and virtual events in the UK, North America and Europe, which includes its flagship Expo and live panel debates, throughout the year.

Open Banking Expo also hosts a leading industry podcast 'Open Banking Expo Unplugged' and online news resource dedicated to Open Banking and Open Finance, as well as the latest developments in payments and data.

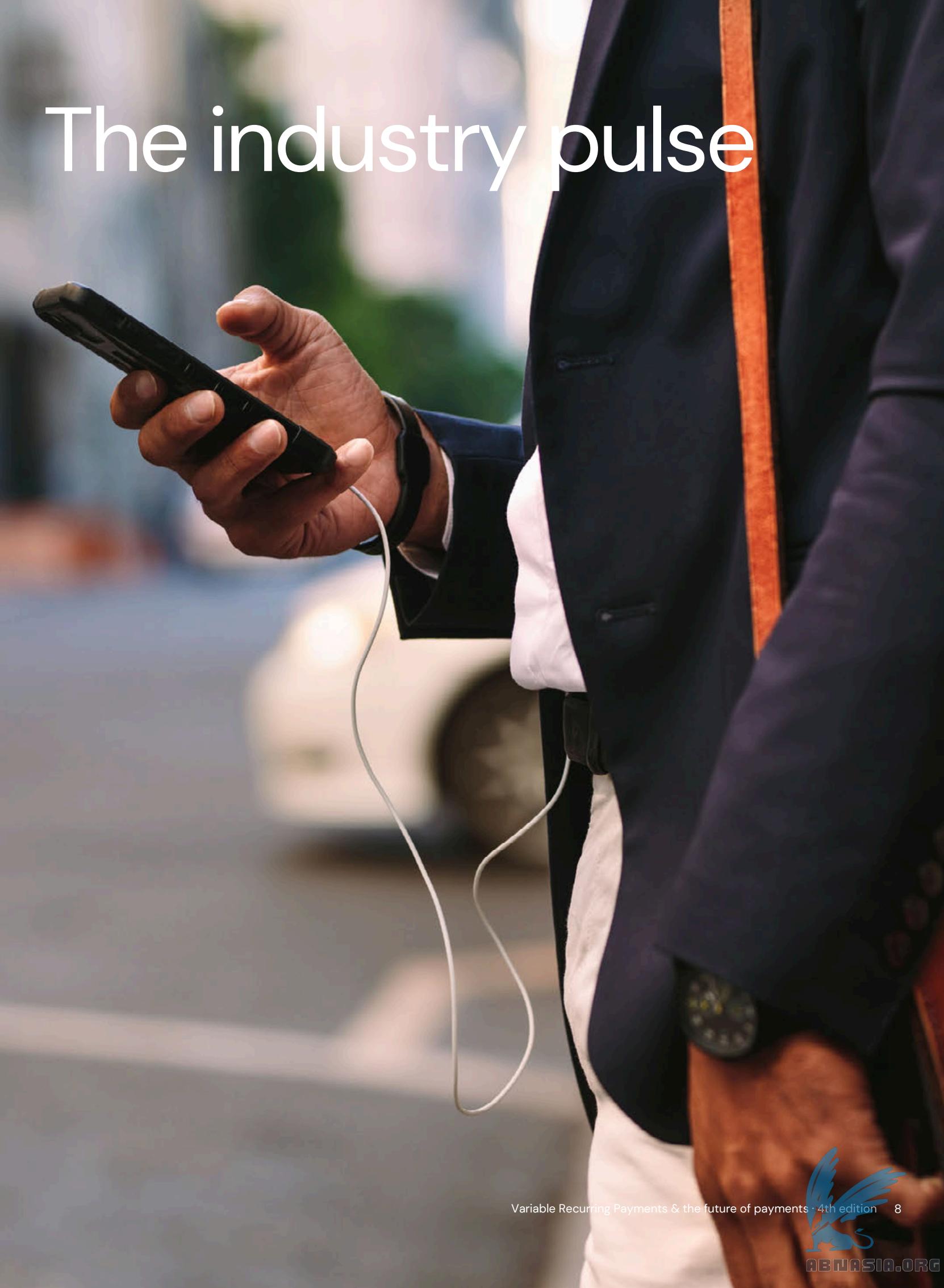
The company curates the Global Open Banking Hub showcasing industry expertise from around the world. In addition, it regularly collaborates with international thought leaders on surveys and reports to harness and evaluate the latest sector developments, and to offer industry analysis and overview of the biggest hot topics across the globe.

# TLDR? Too long, didn't read?

Here's what the result's of our 2024 industry survey show:

CVRP/DRP is extremely important to driving merchants' adoption of open banking-based payments more broadly / CVRP will be beneficial to the UK's payments ecosystem / There is strong merchant demand for CVRP as an alternative to cards / Frictionless user experience will drive consumer adoption of CVRP & DRP / CVRP must be supported by a consumer protection framework / A new framework could address challenges like operational overheads and abuse of the current framework / Lack of bank support is the industry's greatest concern about CVRP / Roughly 1 in 3 banks expect to support CVRP for all use cases by the end of next year / Regulatory intervention is required to unlock CVRP and DRP / Opinions are divided on appropriate CVRP pricing models / There is strong support for standardisation and capping of banks' CVRP fees / Most banks plan to participate in SPAA / █

# The industry pulse



## Adoption accelerator

Payment providers and TPPs believe commercial Variable Recurring Payments (CVRP) and Dynamic Recurring Payments (DRP) will **accelerate merchant adoption** of open banking-based payments.

A substantial proportion (28% and 33%, respectively) consider CVRP/DRP extremely important to driving merchant adoption.

Figure 1

### Importance of the availability of commercial Variable Recurring Payments to driving merchants' adoption of open banking-enabled payments more broadly

% of respondents:  
third party providers and payment providers

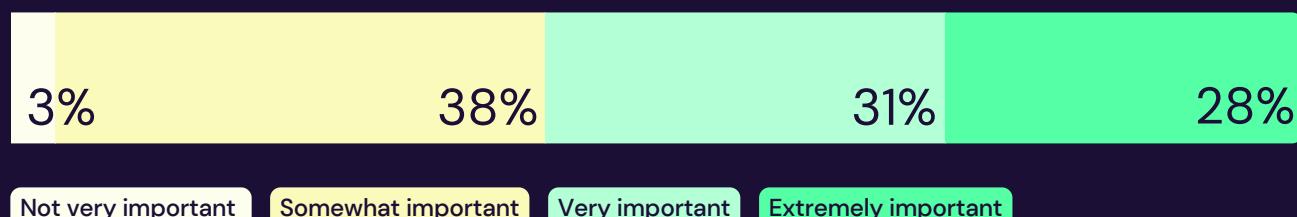


Figure 2

### Importance of the availability of Dynamic Recurring Payments to driving merchants' adoption of open banking-enabled payments more broadly

% of respondents:  
third party providers and payment providers

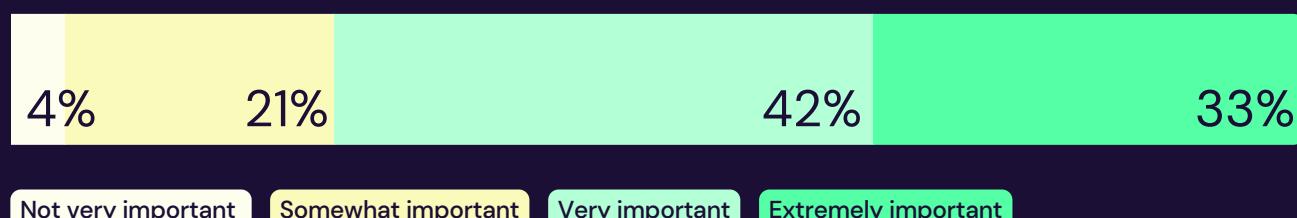


Figure 3

# 79%

of banks believe CVRP will be **beneficial to the overall UK payments ecosystem.**

% of ASPSP respondents

The vast majority of banks also believe CVRP will provide **benefits to their consumer account holders.**



VRPs are poised to bring a new level of flexibility, choice, and efficiency to the payments ecosystem. Once consumer consent is provided, the process becomes as simple as click-to-pay, streamlining payments within a few clicks, retaining full control, while offering instant settlement and potentially reducing transaction costs.

As one of the first UK payment solutions designed for in-app management, VRPs replace the need for manual data entry, offering a smoother alternative to traditional recurring payments.

The easier we make it for our customers to send and receive money digitally in app, the more likely we will be the preferred

destination for both their account balances and discretionary spending.

While the benefits are clear, there are still hurdles to overcome. The scaling of its usage and its viability depends on its adoption by merchants, and in turn, merchants steering customer behaviour and creating incentives if need be, while having a fair commercial and liability model to balance interests of stakeholders.

As we further develop our vision for Open Banking, we must ensure it aligns with broader but related innovations like Open Finance, smart data legislation and the NPA.



**Bhavna Saraf**  
Head of Payments  
Products & Propositions

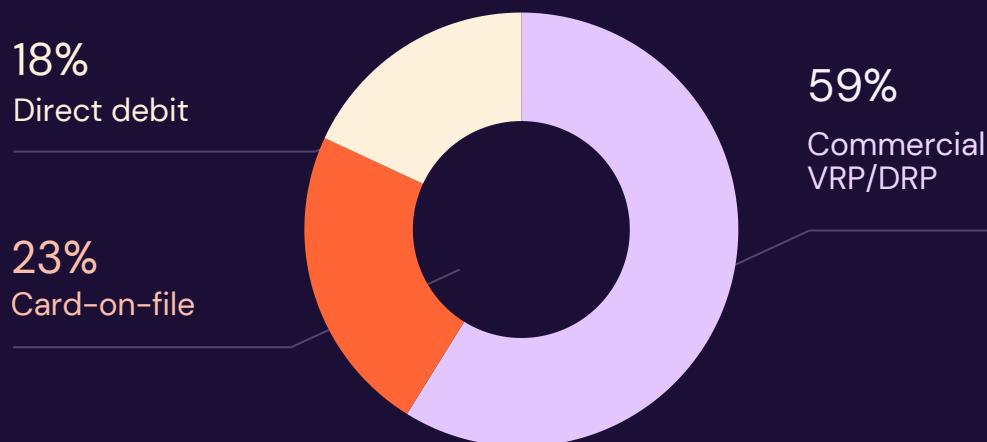
CVRP and DRP are expected to deliver **higher success rates** and **better user experiences** than traditional recurring payment methods.

Figure 4

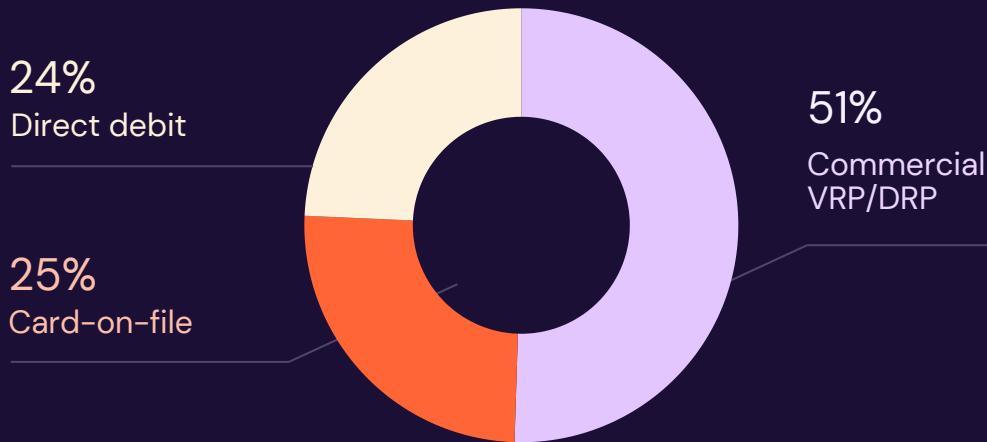
Which payment option has the greatest ability or potential to provide the...

% of all respondents

### Best user experience



### Highest success rates



# There is **strong demand** from payment providers and TPPs for CVRP as an alternative to traditional recurring payment methods.

Figure 5

The majority of payment providers and TPPs intend to offer merchants CVRP for **utilities, government, and financial services use cases**.



% of respondents:  
third party providers and payment providers

Figure 6

A significant portion of payment providers and TPPs intend to offer merchants CVRP for **ecommerce**.



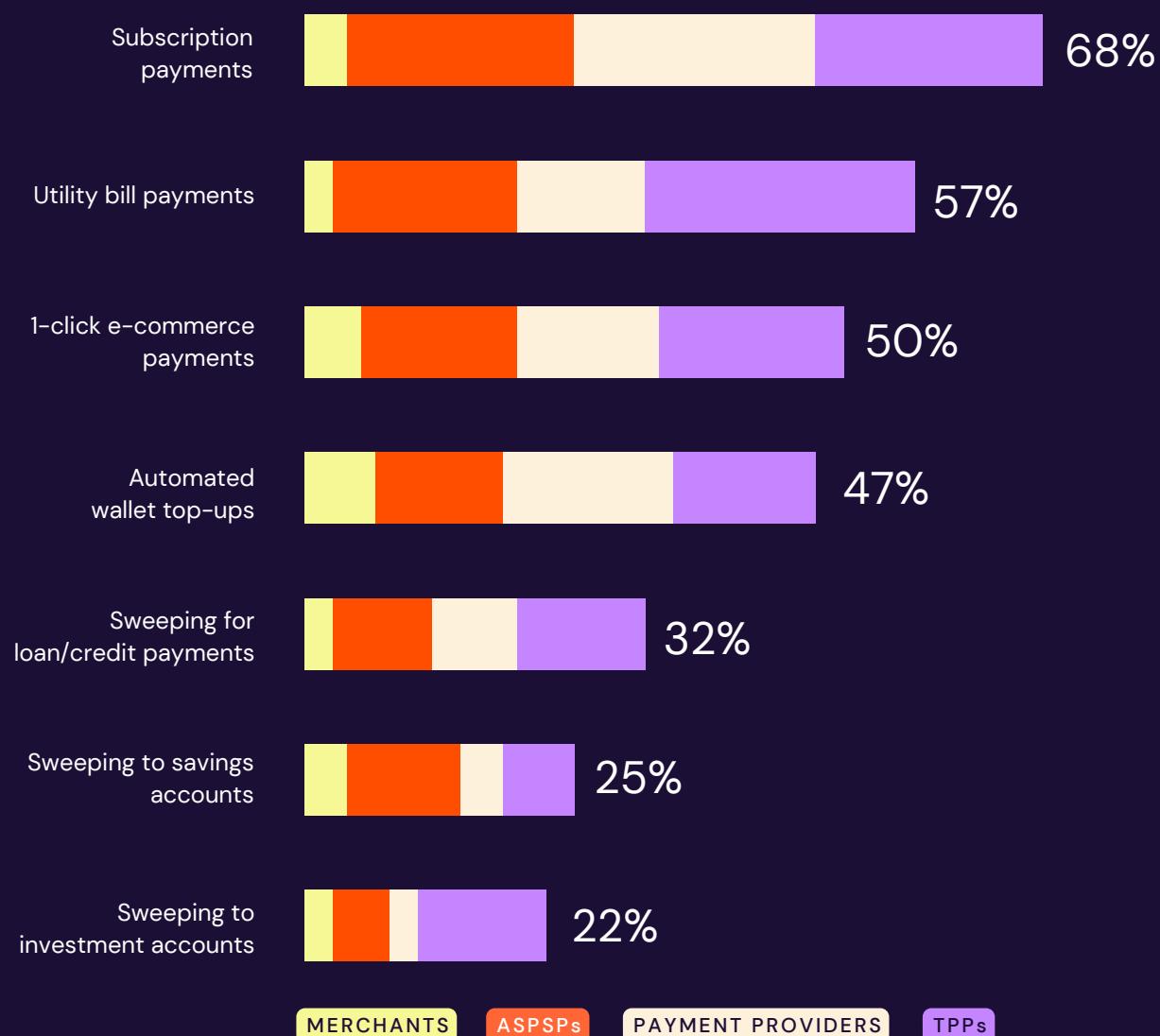
% of respondents:  
third party providers and payment providers

# Most respondents believe **subscription payments** are the top use case for Variable Recurring Payments (VRP), CVRP and DRP.

Figure 7

What are the top 3 use cases for VRP/CVRP/DRP?

% of all respondents



MERCHANTS

ASPSPs

PAYMENT PROVIDERS

TPPs

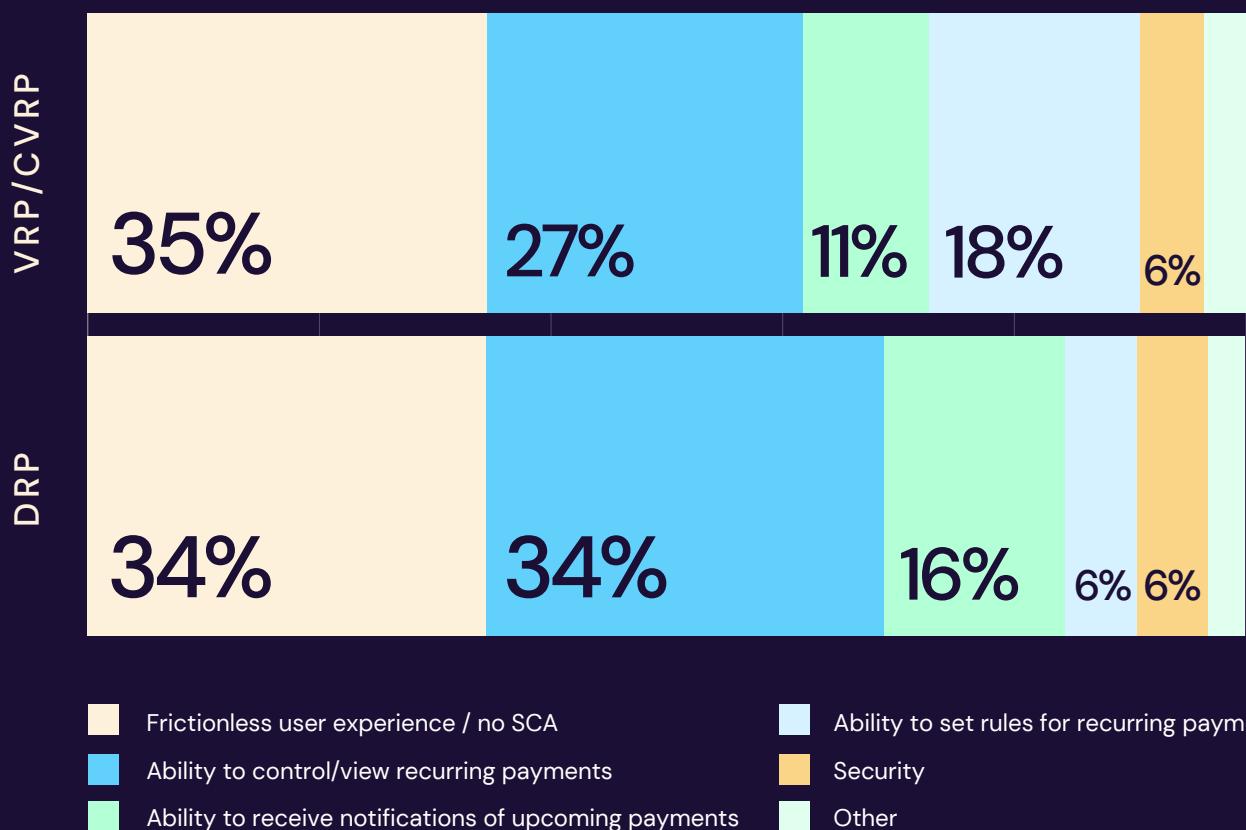
## Frictionless user experience will drive the greatest end user adoption of VRP/CVRP and DRP.

We observed similar findings in our 2022 and 2023 industry surveys, which also put frictionless user experience as the top potential driver of adoption (2023: 37%, 2022: 32%) followed by the ability to view and control recurring payments (2023: 26%, 2022: 29%).

Figure 8

What single aspect will drive the most end user adoption?

% of respondents





The survey report rightly points out that user experience will be the single most important factor in driving end-user adoption.

Customer confidence is key to successful payments, and Prommt's messaging-first payment request solution ensures that all parties to a payment are informed and in control. CVRP will enable Prommt to continue to deliver excellent customer payment journeys, enhanced levels of communication between merchant and customer, leading to faster payments.

Utilities and financial services will be key beneficiaries of CVRP and our insurance sector clients can expect to save on Direct Debit mandate costs, and on recurring card charges too, but a huge benefit will be the speed with which they can set up recurring payments without needing to request card details or account and sort code information, whether via the Pay by Link channel, in app or on the web.



**Adam Ball**  
Chief Commercial Officer

Motivated by factors such as low processing fees, **most merchants plan to convert their card payments** to CVRP. However, most will not seek to convert **direct debit** to CVRP.

Figure 9

57%

of merchants surveyed would actively seek to convert cards to CVRP



Why?

- ↳ Cheaper than cards
- ↳ Avoids chargebacks
- ↳ Faster than cards
- ↳ More reliable than cards
- ↳ User experience will be better than cards

Figure 10

29%

of merchants surveyed would actively seek to convert direct debit to CVRP



Why?

- ↳ Settles faster than direct debit
- ↳ User experience is better than direct debit
- ↳ Cheaper than direct debit
- ↳ More reliable than direct debit



The world of payments is becoming ever-more complex as the choice of payment methods grows almost daily. VRP is, undoubtedly, one of the methods that is evolving as subscription business models develop alongside the growing uptake of open banking, as is Dynamic Recurring Payments (DRPs). It's not, therefore, surprising to see that both payment methods are expected to deliver higher success rates and better user experiences than other recurring payment methods.

At Ecommpay our focus is on building a full payments stack that gives merchants access to all the payment methods they might want to offer to their customers in an integrated way. Including Variable

Recurring Payments as one of those methods is critical.

However, a big issue for merchants – highlighted in this report – is regulatory burden and what that might look like in the context of VRP and DRP. Again, working with a PSP delivering a full stack solution means not only can VRP or DRP be integrated into the choice of payment methods, but that the regulatory and compliance requirements are supported.

The data in this report highlights that there's still work to be done to see VRP and DRP as payment methods merchants find comfortable using. The acceleration of open banking adoption is fundamental to achieve that confidence.



**Arthur Ribakovs**  
Head of Financial Partnerships

# Banking on VRP



Expectations vs. reality

# Half of banks expect to support CVRP for low risk use cases by the end of 2025.

Figure 11

When ASPSPs expect to support CVRP for utilities, government payments and financial services use cases

% of UK ASPSP respondents

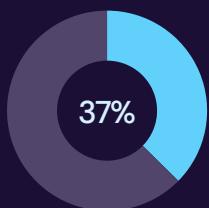
2024      2025      2026+

26% of respondents did not know when they would support CVRP for these use case. 5% had no intention to support CVRP for these use cases.

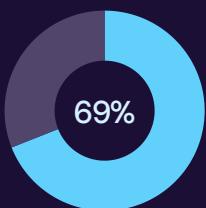
5%      32%      32%

Figure 12

Total level of bank support expected for low risk use cases, by year



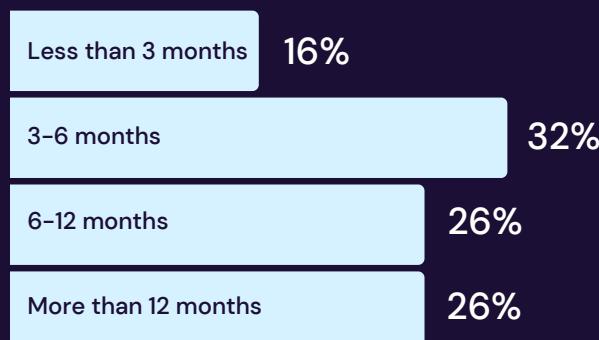
2025



2026+

Figure 13

How long would it take banks to support CVRP for low risk use cases if development work started today and CVRP was a priority initiative?



Expectations vs. reality

Just over one third of banks expect to support CVRP for **e-commerce use cases** by the end of 2025.

Figure 14

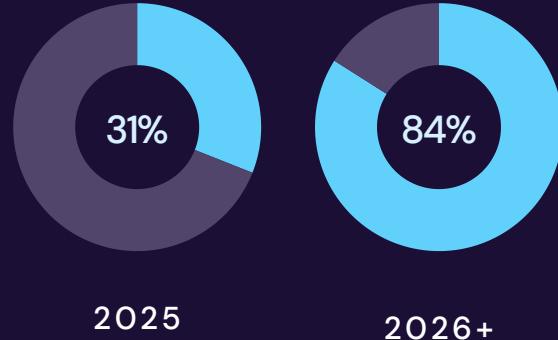
**When ASPSPs expect to support CVRP for e-commerce use cases**

% of UK ASPSP respondents



Figure 15

**Total level of bank support expected for CVRP, by year**



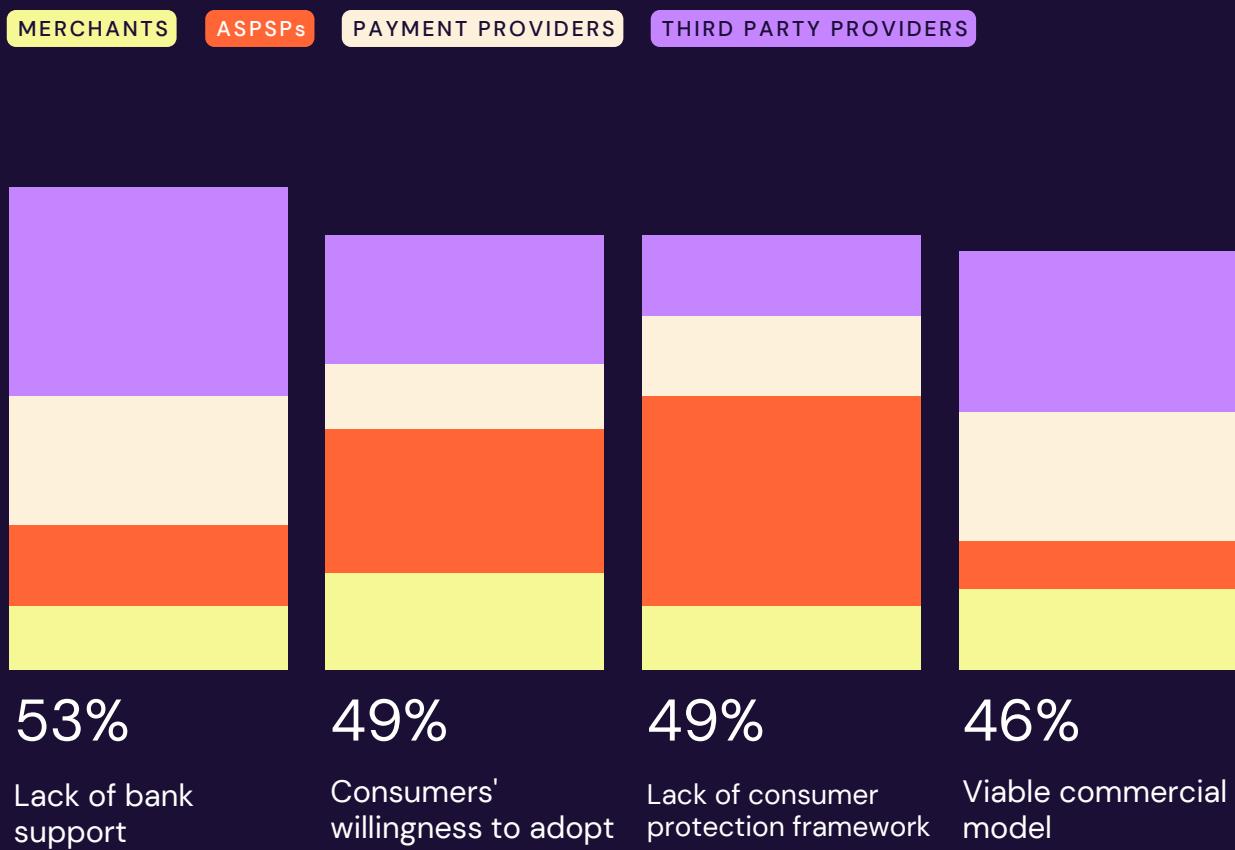
# Lack of bank support emerged as the most common concern about CVRP amongst survey participants.

Figure 16

## What are your top 2 concerns about CVRP?

% of all respondents

Respondents could select two options; totals therefore exceed 100%





Successful payment systems operate as a network. Therefore, broad bank adoption is needed to establish the reach that will be critical for the uptake of CVRP.

In our survey, merchants indicated they will adopt cVRP as a payment method if there is a minimum of 70% consumer account coverage. The mandation of bank adoption has played a key role in the growth of other internationally successful A2A schemes and has a role to play in enabling CVRP. This position is supported by the finding that the vast majority of respondents agreed that regulatory intervention will be required to unlock the potential of CVRPs.

# TOKEN

**Charles Damen**  
Chief Product Officer

# What is the **minimum threshold of bank support** that most merchants would want to see before adopting CVRP?

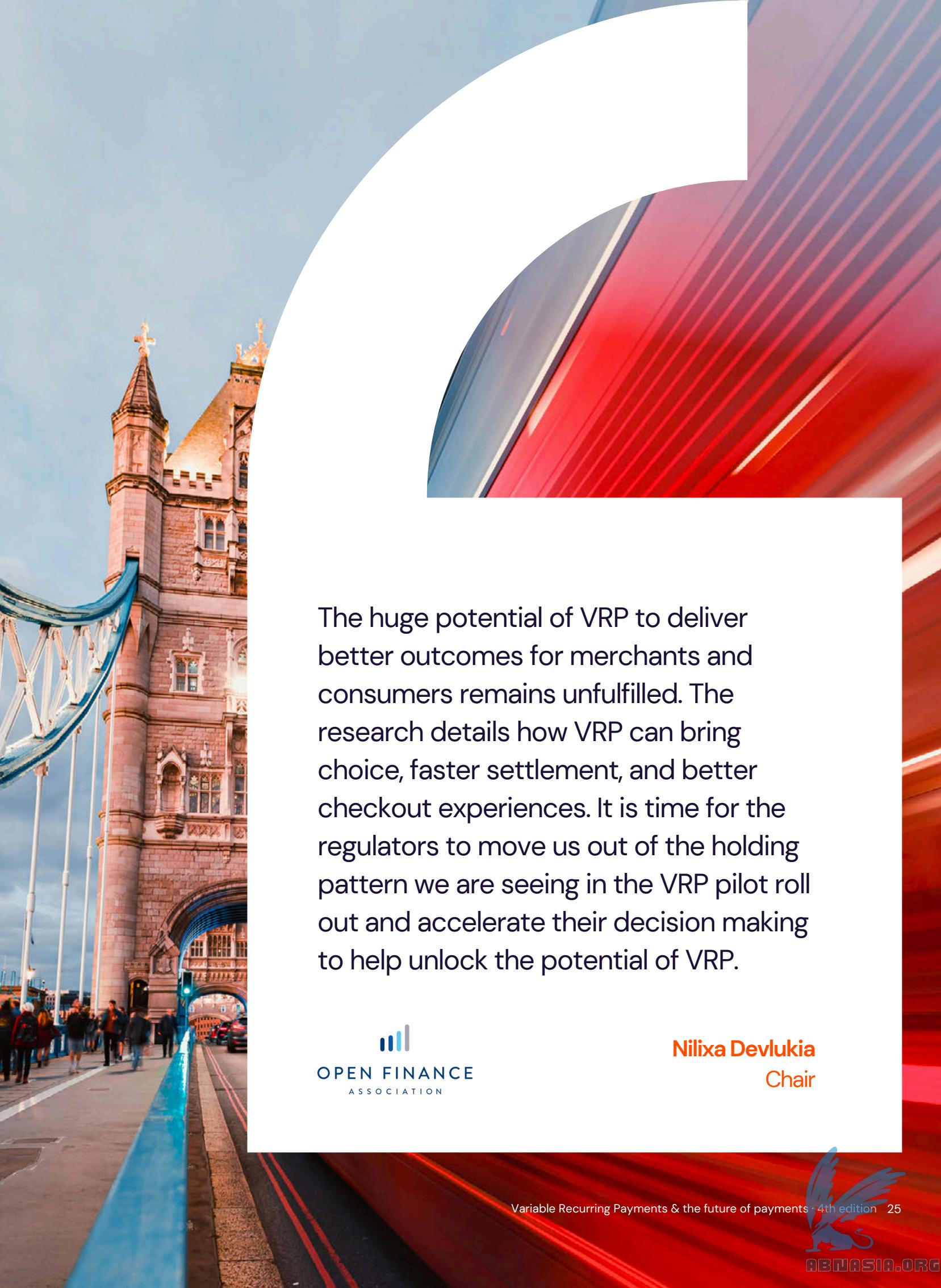
70%

Figure 17

**"Before I would launch commercial VRP, I would need to see banks supporting commercial VRP that cover a combined...of all UK consumer current accounts"**

Average threshold reported by merchant respondents





The huge potential of VRP to deliver better outcomes for merchants and consumers remains unfulfilled. The research details how VRP can bring choice, faster settlement, and better checkout experiences. It is time for the regulators to move us out of the holding pattern we are seeing in the VRP pilot roll out and accelerate their decision making to help unlock the potential of VRP.



**Nilixa Devlukia**  
Chair

An invitation to intervention?

Overwhelmingly, respondents agreed that **regulatory intervention** is likely required to unlock the full potential of CVRP and DRP.

Figure 18

Is regulatory intervention likely to be required to unlock CVRP?

% of respondents

YES   NOT SURE   NO

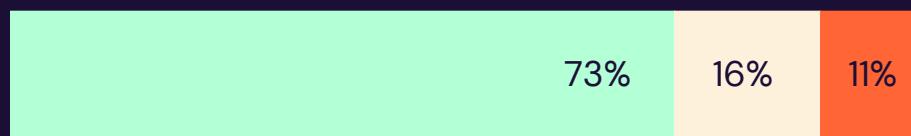
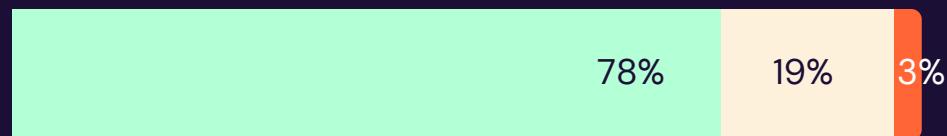


Figure 19

Is regulatory intervention likely to be required to unlock DRP?

% of respondents

YES   NOT SURE   NO





Variable Recurring Payments (VRP) have the potential to greatly benefit both consumers and businesses by offering more visibility and control compared to existing payment methods, and it's encouraging to see a shared enthusiasm for how innovations like these can improve payments.

We're continuing to work closely with the ecosystem to expand the use of VRPs and identifying, in the process, where regulation will have the greatest impact — promoting competition and delivering better value and outcomes for consumers. Ultimately, we want the expansion of VRP to provide a stepping stone for open banking to boost competition with existing retail payment methods.



**Kate Fitzgerald**  
Head of Policy

# Most banks surveyed plan to participate in the SEPA Payment Account Access (SPAA) scheme.

Figure 20

**63%**

of banks surveyed plan to participate in the SPAA scheme

Figure 21

**50%**

of banks would be willing to participate in a SPAA strategic pilot

Reasons cited by the minority of banks that would not participate in the scheme

- Lack of attractive commercial model
- Other alternative in-flight payment initiatives
- Uncertainty about broader payments regulatory developments
- Other premium API initiatives in place

The SEPA Payment Account Access (SPAA) Scheme is the set of rules, practices and standards developed by the European Payments Council (EPC) that provides a standardised basis for the provision of "premium" APIs. These APIs would provide enhanced functionality beyond that required under PSD2 in exchange for commercial compensation to the banks offering the enhanced APIs. A SPAA strategic pilot is planned for 2025.



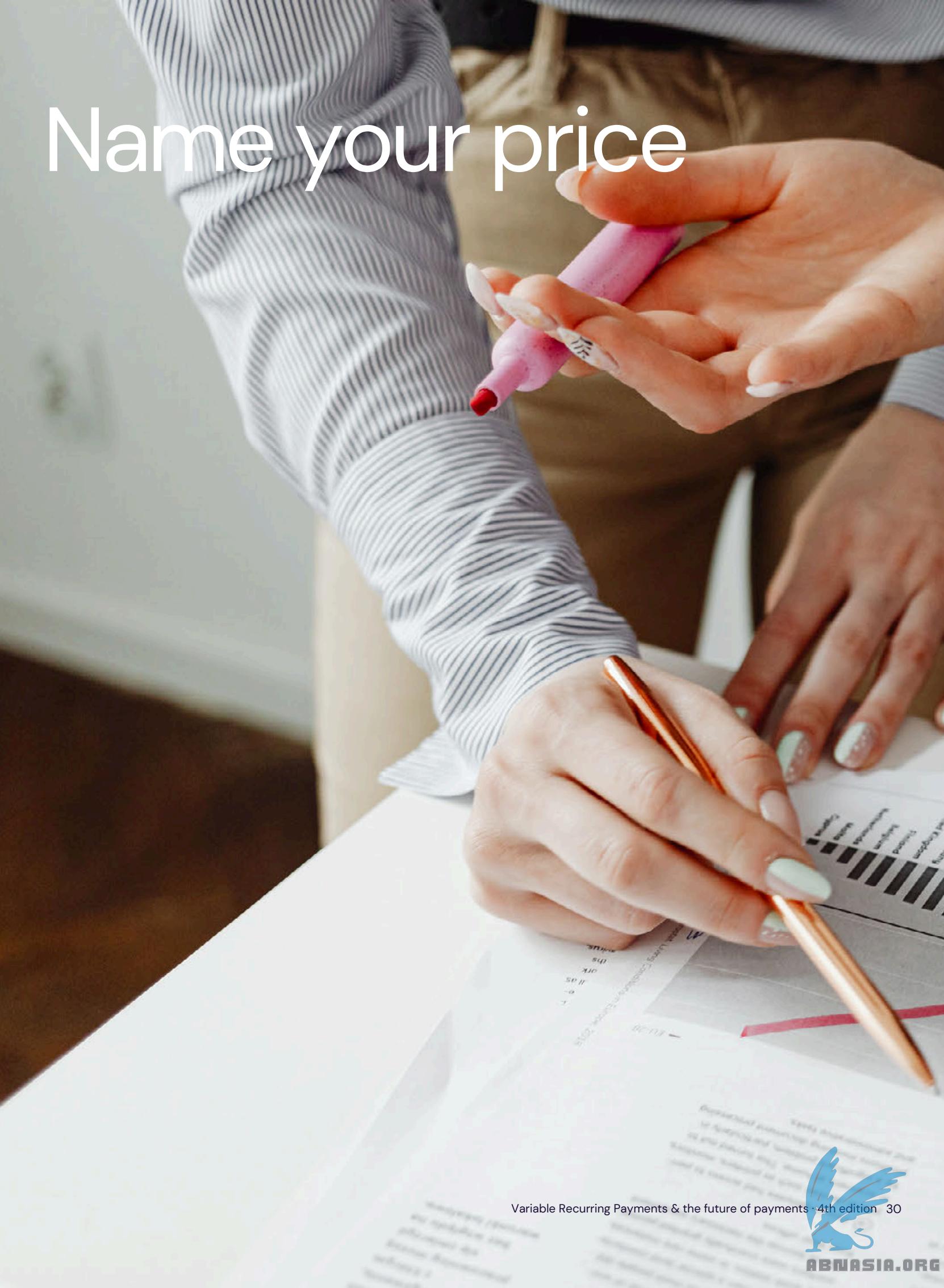
Although the benefits of CVRP are now widely recognised and appetite to adopt exists in principle, lack of bank support remains the key to unlocking merchant adoption. Regulatory direction is needed to iron out the key sticking points – bank coverage, commercials and consumer protection – to allow merchants and end users alike to reap the rewards.

## TOKEN

**Ben Rattue**  
Manager – Product  
Partnerships & Propositions



# Name your price





The survey is a super helpful reminder of the key topics and questions that we should be focussed on as we work through the development of commercial VRPs. It's easy to be head down in the project, but it's so important to have this temperature check on priorities and sentiment. It's the first time that I've seen commercial model questions asked in a quantitative survey, which is also a great input to that debate.



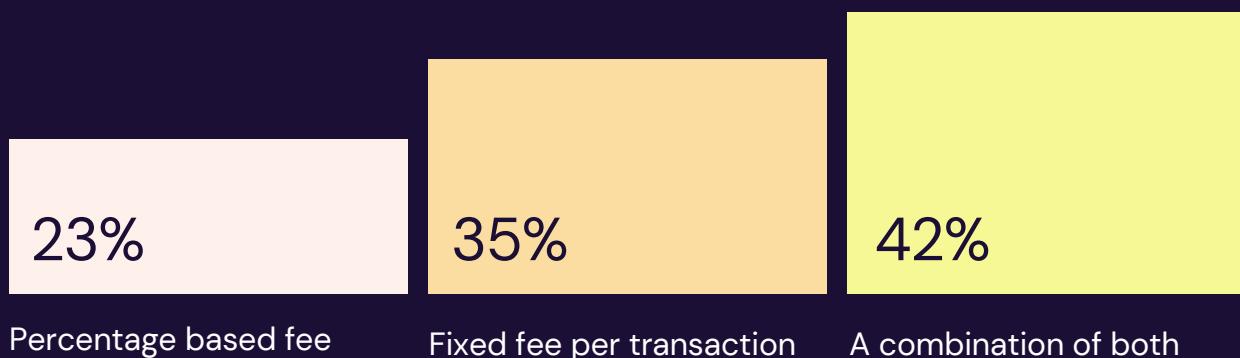
**Euan Ballantyne**  
Product Director

# UK payment providers and third party providers were split on what the future **pricing model** for CVRP should look like.

Figure 22

## What should the future pricing model for CVRP should look like?

% of respondents:  
third party providers and payment providers



Commercial VRP can be an alternative to both direct debit and debit cards. Yet, direct debit and debit cards have different pricing structures: direct debit is

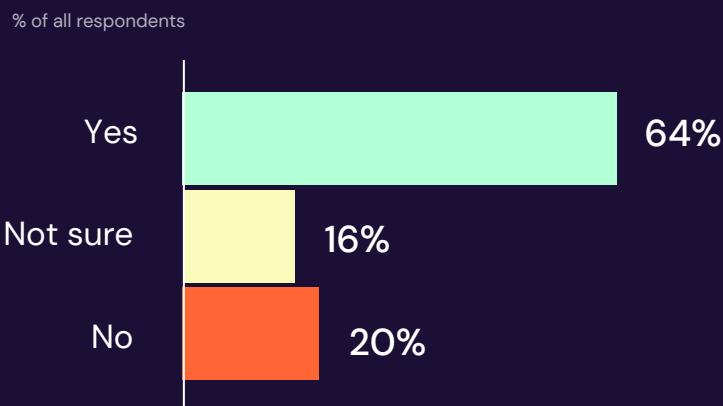
charged at a fixed price per transaction, whereas debit cards are charged on a percentage basis (basis point/bps).

An invitation to intervention?

# Most respondents believe CVRP fee structures should be standardised, and that the fees that banks can charge to PSPs should be capped.

Figure 23

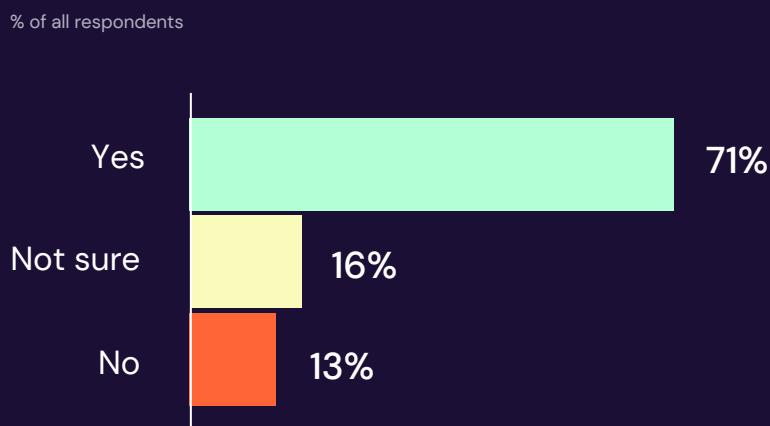
Should fee structures charged by banks for CVRP should be standardised?



Most respondents of our 2021 and 2022 surveys also believed fee structures should be standardised (60% in 2021 and 75% in 2022).

Figure 24

Should regulators introduce a maximum fee that banks can charge for access to CVRP?





Commercial variable recurring payments in the UK are key to unlocking account-to-account payments, regarding competing with cards and other payment methods for retail transactions. However, a higher success rate (>99%) and better user experience than other payment methods will only be delivered if there is a commercial model that sustains investment in innovation. Regulators have a role in overcoming the barriers to participation and industry collaboration, but the commercial model should be industry led.



NatWest

**Stephen Wright**  
Head of Corporate  
& Regulatory APIs

**Most payment providers and third party providers (TPPs) would be willing to pay banks up to 5 basis points (bps) per CVRP/DRP transaction.**

Figure 25

**Payment providers on the maximum they would be willing to pay banks for access to CVRP/DRP**

% of payment provider respondents  
1 basis point = 0.01%

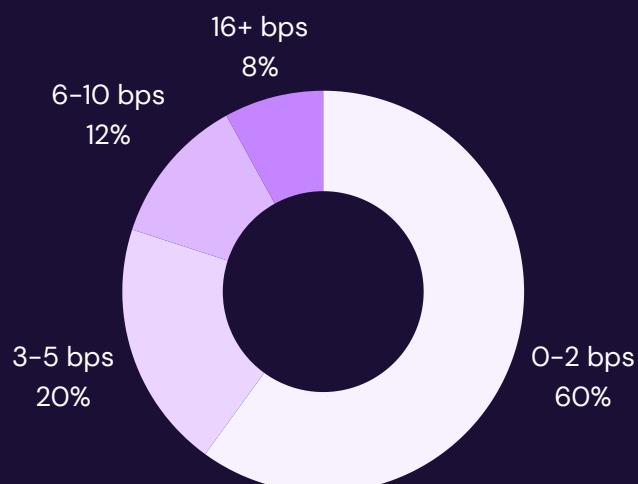
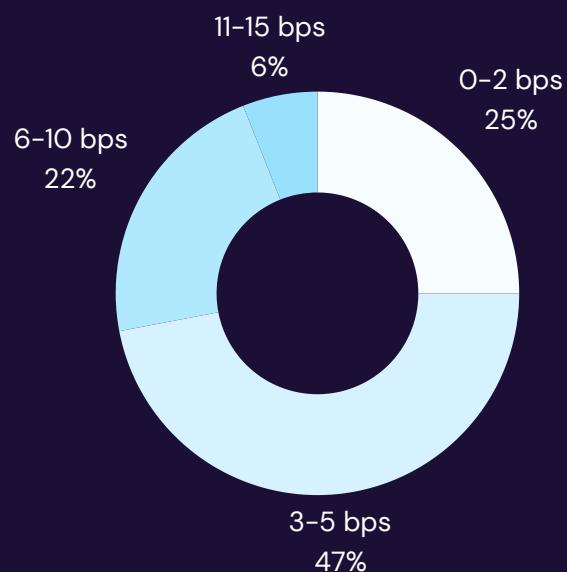


Figure 26

**Third party providers (TPPs) on the maximum they would be willing to pay banks for access to CVRP/DRP**

% of third party provider respondents  
1 basis point = 0.01%



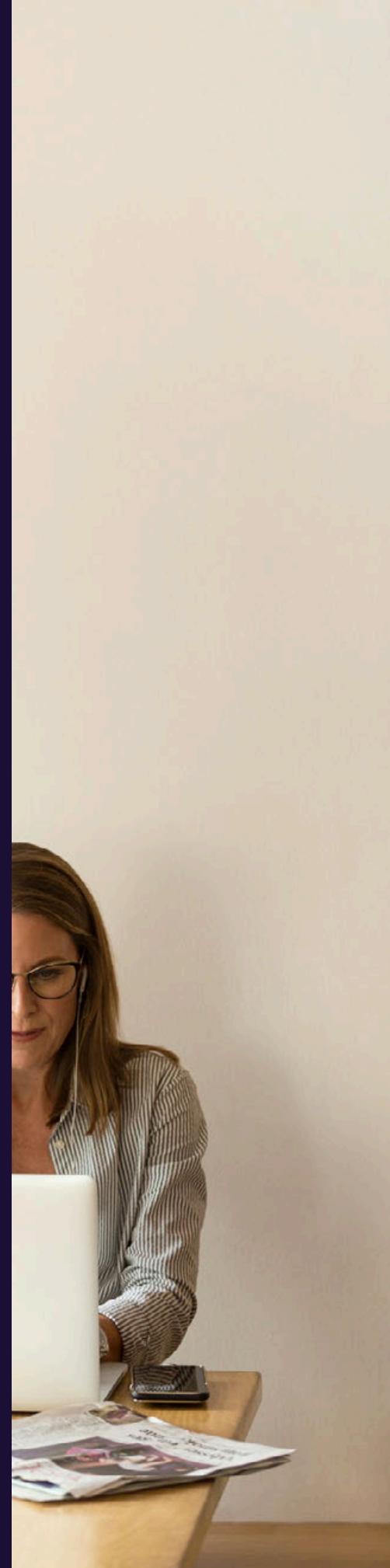
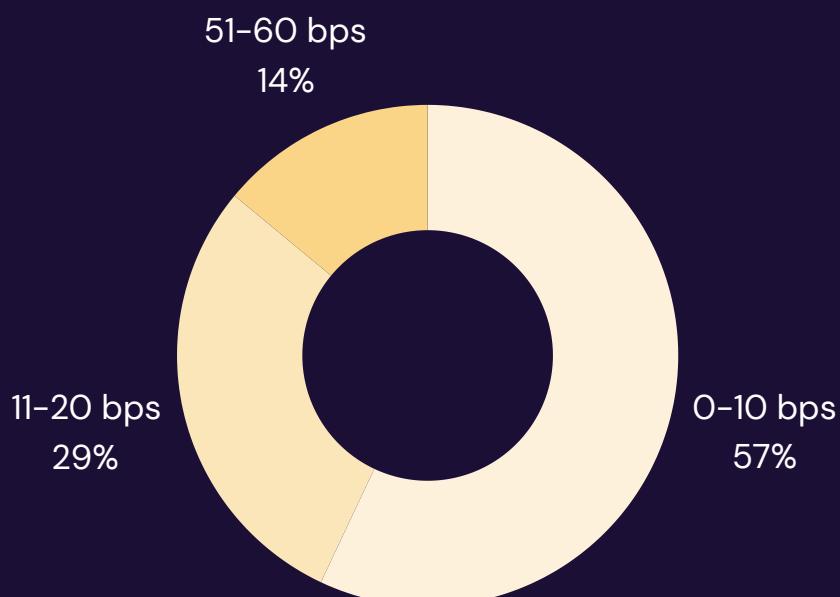
The majority of merchants surveyed are willing to pay payment providers **up to 20 basis points (bps)** per CVRP/DRP transaction.

Figure 27

Merchants on the maximum all-in cost they would be willing to pay payment providers for CVRP/DRP

% of merchant respondents

1 basis point = 0.01%



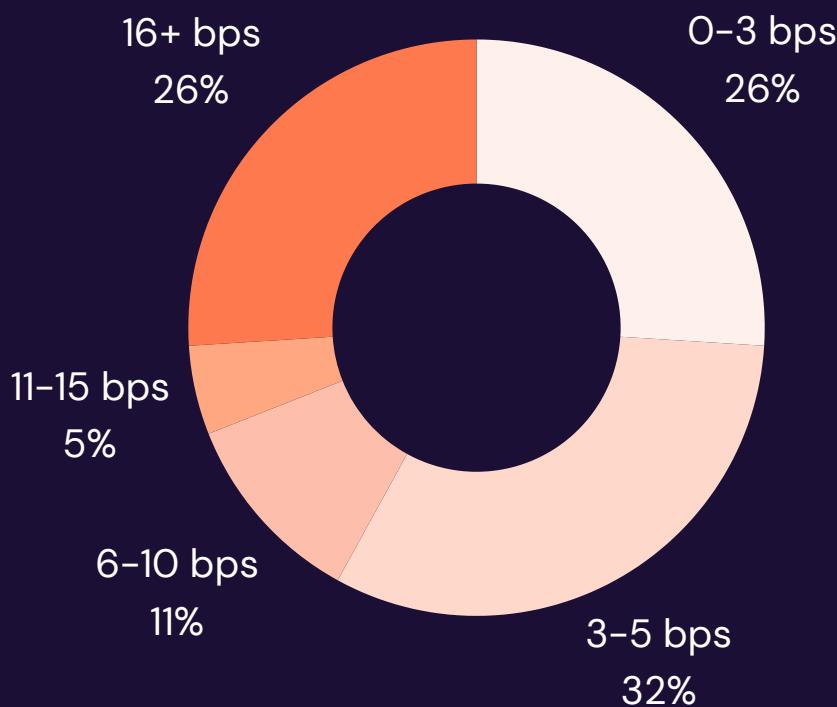
The majority of banks view a compensation range of up to 5 basis points per CVRP transaction as sufficient to make CVRP competitive with debit cards. A notable portion (25%) estimate an even lower threshold of up to 3 basis points for achieving competitiveness.

Figure 28

To be competitive with debit cards, what do you think the minimum compensation should be for banks offering CVRP?

% of ASPSP respondents

1 basis point = 0.01%



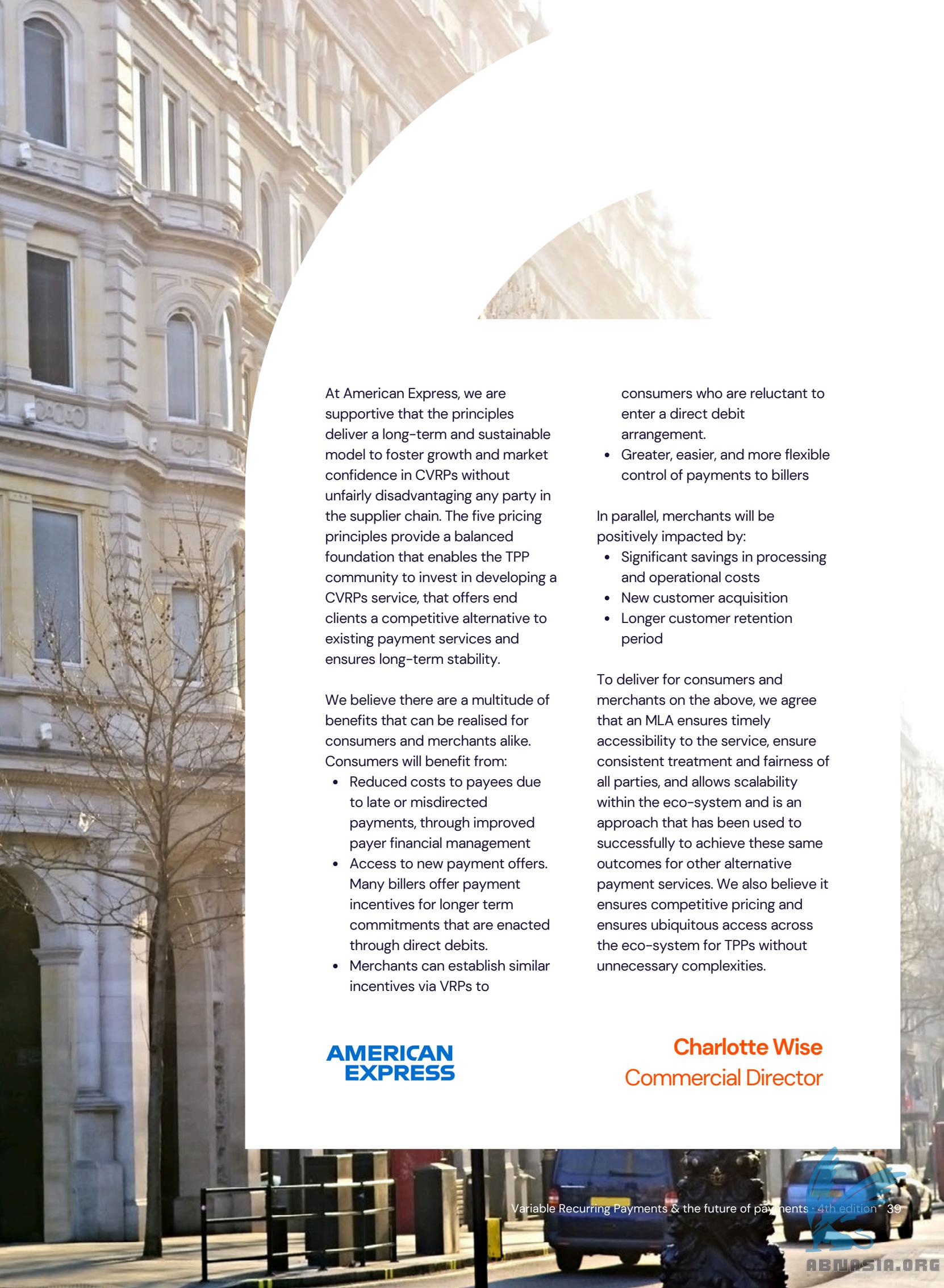


As the Future of Payments Review's final report highlighted, many merchants and retailers are frustrated by the costs of taking card payments and the lack of viable alternatives. CVRP, if based on a sustainable commercial model for banks to invest in underlying infrastructure and consumer protection, have the real potential to provide this alternative payment option for merchants.

This year's survey findings provide good evidence that there is indeed scope for a model that provides sustainable compensation for banks that also delivers a strong incentive to merchants to adopt CVRP as a lower cost alternative to debit cards.

# TOKEN

**Charles Damen**  
Chief Product Officer



At American Express, we are supportive that the principles deliver a long-term and sustainable model to foster growth and market confidence in CVRPs without unfairly disadvantaging any party in the supplier chain. The five pricing principles provide a balanced foundation that enables the TPP community to invest in developing a CVRPs service, that offers end clients a competitive alternative to existing payment services and ensures long-term stability.

We believe there are a multitude of benefits that can be realised for consumers and merchants alike. Consumers will benefit from:

- Reduced costs to payees due to late or misdirected payments, through improved payer financial management
- Access to new payment offers. Many billers offer payment incentives for longer term commitments that are enacted through direct debits.
- Merchants can establish similar incentives via VRPs to

consumers who are reluctant to enter a direct debit arrangement.

- Greater, easier, and more flexible control of payments to billers

In parallel, merchants will be positively impacted by:

- Significant savings in processing and operational costs
- New customer acquisition
- Longer customer retention period

To deliver for consumers and merchants on the above, we agree that an MLA ensures timely accessibility to the service, ensure consistent treatment and fairness of all parties, and allows scalability within the eco-system and is an approach that has been used to successfully to achieve these same outcomes for other alternative payment services. We also believe it ensures competitive pricing and ensures ubiquitous access across the eco-system for TPPs without unnecessary complexities.

**AMERICAN  
EXPRESS**

**Charlotte Wise**  
**Commercial Director**

# Calls for consumer protection



Calls for consumer protection

The lack of a **consumer protection framework** for CVRP was the second most common concern amongst survey respondents.

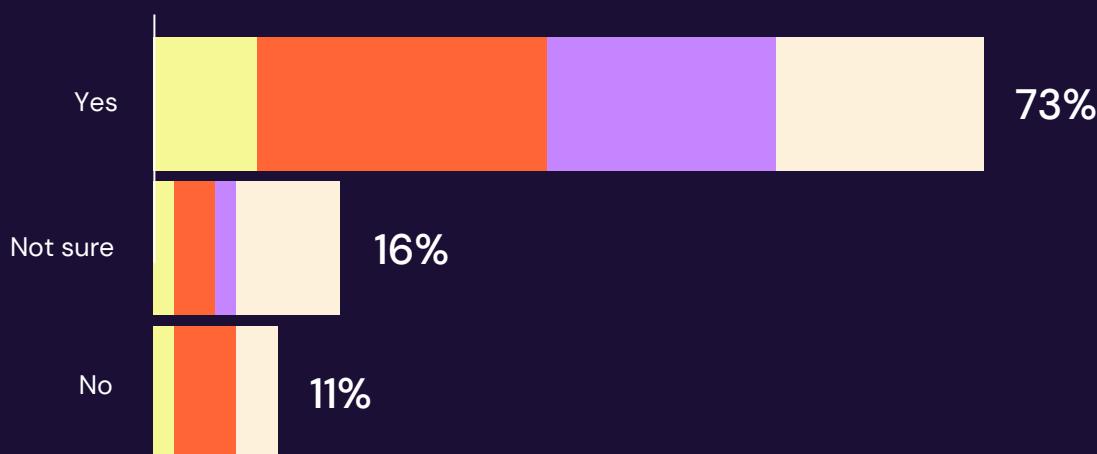
An overwhelming number of respondents support the need for a CVRP consumer protection framework that covers commercial disputes.

Figure 29

Should a consumer protection framework for CVRP cover commercial disputes

% of all respondents

MERCHANTS    ASPSPs    TPPs    PAYMENT PROVIDERS



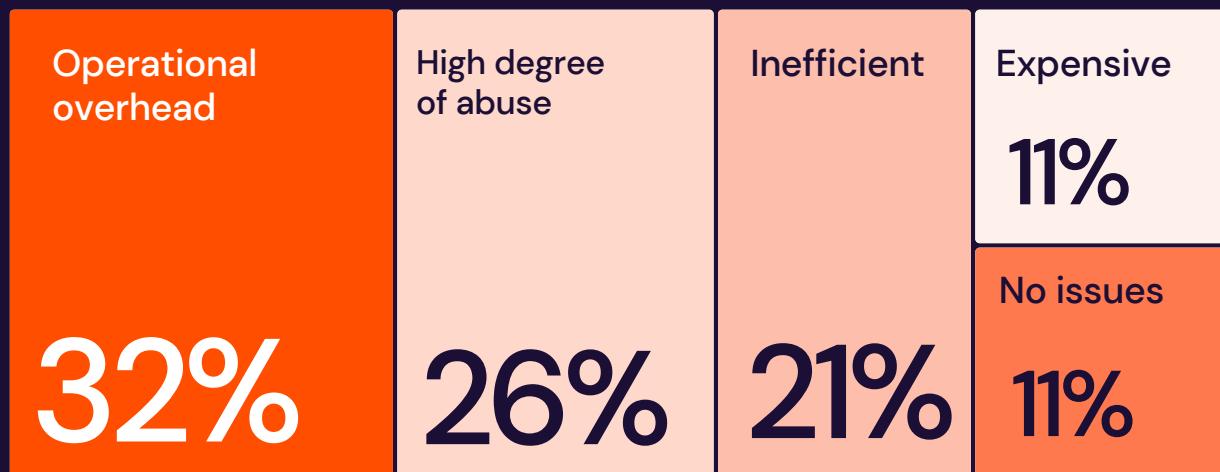
Calls for consumer protection

90% of banks surveyed believe there are issues with the current **consumer protection framework**, which was initially designed over 50 years ago.

Figure 30

What do you see as the key issue with the current consumer protection framework?

% of ASPSP respondents  
Totals may exceed 100% due to rounding



95% of banks surveyed believe CVRP presents an opportunity to design a different consumer protection framework that will deliver better outcomes for all ecosystem participants.

The seeds for the current consumer protection framework, based on chargebacks as we know them today, were planted by the USA's Fair Credit Billing Act on 28 October 1974. The FCBA gave consumers who held open end credit accounts like credit cards the right to dispute fraudulent transactions and rectify merchant billing errors.



It's clear that a robust consumer protection framework is needed to support the broad uptake of CVRPs. However, it's key that we avoid the instinct to simply 'lift-and-shift' models used in other existing retail payment methods.

Instead, there is a unique opportunity to design a different and more efficient approach to consumer protection. This approach can be built from the ground up to reflect the modern realities of digital commerce and payments. Done right, it has the potential to still deliver appropriate and proportionate levels of protection, whilst also realising efficiencies across the value chain — which in turn can be passed on to end users in the form of lower costs and prices.

## TOKEN

**Robert Sullivan**  
Public Policy &  
Strategy Director



# Conclusion

Todd Clyde  
Chief Executive Officer  
Token.io

The insights gleaned from our fourth annual industry survey, enriched by contributions from key players in the payment landscape, have painted a vivid picture of both the opportunities and challenges that lie ahead. It is undeniable: CVRP and DRP possess immense potential to transform the payment landscape.

A consistent theme throughout this year's survey was the recognition of CVRP and DRP's ability to drive greater merchant adoption of open banking-based payments, with a substantial proportion (28% and 33% respectively) considering CVRP and DRP to be extremely important in this regard.

# 97%

of third party providers and payment providers believe CVRP is important to driving merchants' adoption of open banking-based payments more broadly

When pitted against traditional recurring payment options like card-on-file and direct debit, 59% and 51% of respondents respectively expect CVRP/DRP to surpass alternatives and deliver the best user experience and highest success rates.

However, despite the evident enthusiasm surrounding CVRP and DRP, concerns linger about the lack of bank support. More than half of survey respondents identified this as one of their top concerns, with almost three-quarters believing regulatory intervention may be necessary to accelerate broader bank support and implementation. While the SEPA Payment Account Access (SPAA) scheme

# 79%

of banks believe commercial Variable Recurring Payments will benefit the overall UK payments ecosystem

already provides a commercial model for DRP, our survey revealed no industry consensus on an ideal pricing model for CVRP, as most UK respondents called for standardisation and regulatory capping of bank fees.

Yet, there was one notable point of consensus among survey respondents: the need for a robust consumer protection framework. Most banks surveyed identified operational overheads, inefficiencies and abuse as key shortcomings of the current framework. Nearly every participating bank supported the notion that CVRP presents an opportunity to devise a new framework that not only addresses these shortcomings but also delivers improved outcomes for all stakeholders involved.

Despite these challenges, the transformative potential of CVRP and DRP cannot be overlooked. CVRP and DRP can empower consumers with greater choice and control over their payments and

provide businesses with more efficient, cost-effective, and secure recurring payment options while mitigating the risk of failed transactions.

Furthermore, businesses can adapt CVRP and DRP for non-recurring payments, leveraging long-lived consent to replace card-on-file with account-on-file. This extension of open banking-based payments to seamless, one-click e-commerce checkouts would unlock new opportunities for both businesses and consumers.

In conclusion, our survey report reveals that while there is palpable excitement and expectation surrounding the potential of CVRP and DRP, there are still several hurdles that must be overcome. It is crucial for industry stakeholders, regulators, and banks to work collaboratively to address these concerns. Only by doing so can we ensure CVRP and DRP are fully embraced as the transformative payment solutions we know they can be.



**Todd Clyde**  
Chief Executive Officer  
Token.io

## TOKEN

Token.io is the leading account-to-account (A2A) payment infrastructure provider for the UK and Europe. Token.io's unmatched connectivity and whitelabel infrastructure is proven by a blue-chip portfolio of partners, including Santander, HSBC, Mastercard, BNP Paribas and ACI Worldwide.



# Annex



# Contributors

Thank you to our report contributors and collaborators.

**Adam Ball**, Chief Commercial Officer, Prommt

**Euan Ballantyne**, Product Director, Pay.UK

**Adam Cox**, Co-Founder, Open Banking Expo

**Todd Clyde**, Chief Executive Officer, Token.io

**Charles Damen**, Chief Product Officer, Token.io

**Nilixa Devlukia**, Chair, Open Finance Association

**Ellie Duncan**, Head of Content, Open Banking Expo

**Kate Fitzgerald**, Head of Policy, Payment Systems Regulator

**Ben Rattue**, Manager – Product Partnerships & Propositions, Token.io

**Arthur Ribakovs**, Head of Financial Partnerships, EcommPay

**Bhavna Saraf**, Head of Payments Products & Propositions, Santander

**Kelly Stanley**, Co-Founder, Open Banking Expo

**Robert Sullivan**, Public Policy & Strategy Director, Token.io

**Henk Van Hulle**, CEO, Open Banking Limited

**Charlotte Wise**, Commercial Director, American Express

**Stephen Wright**, Head of Corporate & Regulatory APIs, NatWest

## About this research

This report presents the key results from the fourth annual industry survey on the future of Dynamic and Variable Recurring Payments, conducted between 21 August and 18 September 2024 by Token.io and Open Banking Expo. In this year's survey, we polled 111 senior leaders from banks, merchants, payment providers and third party providers in the UK and Europe. Survey responses were anonymous.

# Glossary

## **Account Servicing Payment Service Providers (ASPSPs)**

are the entities responsible for providing payment accounts, such as banks, building societies and some payment companies.

**Account-on-file** describes a specific case of VRP, most common in ecommerce settings. Similar to 'card on file', you authorise a merchant to directly bill your bank account under pre-agreed conditions that you control, without having to individually authenticate each payment that meets said conditions, or re-authenticate your bank account details. This enables "merchant-initiated transactions" (a merchant collects payment as per a pre-agreed billing schedule/cycle, like subscriptions), and "user-initiated transactions" (users can authorise a payment in just one click).

**Card-on-file** is the storing of your card and payment information by a merchant, under an agreement that authorises this merchant to bill this card when appropriate, often without you having to re-enter or authenticate your card details.

**Commercial VRP** (also known as CVRP) are a type of payment instruction that enable UK consumers to securely authorise third parties to initiate payments from their bank accounts at varying amounts and at frequencies (within pre-agreed limits/parameters). CVRP advances open banking functionality beyond the status quo capabilities of single immediate payments and VRP for sweeping.

**Consumer protection framework** refers to the mechanisms in place to ensure consumers are protected if something goes wrong with their payment or purchase. Consumer protections can come from a range of sources including legislation/regulation, merchant and bank policies, and payment system rules.

**Direct Debit** is an instruction from you to your bank, authorising a business or organisation to collect payments from your account when they are due, based on a pre-agreed schedule.

**Dynamic Recurring Payments (DRP)** are analogous to VRP in the UK. SPAA Scheme proposals include APIs for DRP, which banks may opt to provide to third parties through participation in this scheme. Terms like sweeping, non-sweeping/commercial do not apply to DRP; they are inherently commercial.

The **SEPA Payment Account Access (SPAA) Scheme** is the set of rules, practices and standards developed by the European Payments Council (EPC) that provides a standardised basis for providing and charging for access to "premium" APIs. Premium APIs provide enhanced functionality beyond that required under PSD2, including Dynamic Recurring Payments (DRP).

**Sweeping** is the automated transfer of money between two accounts held by the same person at different institutions, also known as 'me-to-me' payments. Banks are mandated to support this form of VRP by UK regulators.

**Variable Recurring Payments (VRP)** are a type of payment instruction enabled by open banking. VRP allow consumers to set up repeat payments of varying amounts, either between accounts that they own (sweeping) or from their bank account to a merchant's bank account (commercial VRP).

# TOKEN

Token.io's market-leading open banking connectivity and robust, whitelabel capabilities have solidified it as the leading account-to-account (A2A) infrastructure partner for the UK and European payment ecosystems.

Offering the deepest and highest performing direct connectivity to a minimum of 80% of accounts in each of its 21 supported markets, Token.io ensures unrivaled access to initiate real-time payments to over 567 million bank accounts across Europe.

Recognised as one of the top two A2A payment infrastructure providers worldwide by independent analysts, Token.io's market-leading solution is trusted by a blue-chip clientele, including Santander, HSBC, Mastercard, BNP Paribas, ACI Worldwide, Computop and Global Payments.



OPEN BANKING INNOVATION  
PLATINUM AWARD 2024, 2023, 2022  
JUNIPER RESEARCH



BEST USE OF OPEN BANKING FOR PAYMENTS  
MPE AWARDS  
2024



BEST OPEN BANKING SOLUTION  
BANKING TECH AWARDS  
2023



BEST BANK & FINTECH PARTNERSHIP  
BANKING TECH AWARDS  
2023



FINTECH FOR GOOD  
PAYTECH AWARDS  
2023



PAYTECH COMPANY OF THE YEAR  
UK FINTECH AWARDS  
2022

## Contact

For questions about open banking and payments, or to learn how you can launch your own Pay by Bank solution, [contact us](#).

[token.io](#)

# Notice

Statistics, research and recommendations provided are intended for informational purposes only and should not be relied upon as advice for operational, marketing, legal, technical, tax, financial or other matters.

This material does not purport to be all-inclusive or to contain all of the information that the recipient may require. No investment, divestment or other financial decisions or actions should be based solely on the information in this material.

Token.io does not make any warranty or representation as to the completeness or accuracy of the information within this document, nor assume any liability or responsibility that results from reliance on such information.

Any opinions expressed in this material are subject to change, without notice, and may differ or be contrary to opinions expressed by other business areas or groups of the Token group as a result of using different assumptions and criteria.

This material may contain forward-looking statements. Token.io gives no undertaking and is under no obligation to update these forward-looking statements for events or circumstances that occur subsequent to the date of this material or to update or keep current any of the information contained herein and this material is not a representation by Token.io that it will do so.

Nothing contained herein is, or shall be relied upon as, a promise or representation as to the past or future. This material speaks as at the date hereof (unless an earlier date is otherwise indicated in the material) and in giving this material, no obligation is undertaken and nor is any representation or undertaking given by any person to provide the recipient with additional information or to update, revise or reaffirm the information contained in this material or to correct any inaccuracies therein which may become apparent.

Readers are encouraged to seek the advice of a competent legal professional where such advice is required.

All brand names, logos and/or trademarks are the property of their respective owners, are used for identification purposes only, and do not necessarily imply product endorsement or affiliation with Token Group.

© Token.io 2024. All rights reserved. Token.io specifically prohibits the redistribution of this material and accepts no liability whatsoever for the actions of third parties in this respect.