

Unlocking the open banking opportunity: A new narrative for adoption



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FOREWORD:

THE FUTURE OF OPEN BANKING IN THE UK



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VP Product Strategy, Innovation & Policy at Yapily

Open banking facilitates direct bank-to-bank transfers, offering a powerful alternative to traditional card networks. It promises lower costs for merchants, superior security for consumers, and greater overall efficiency. Through encrypted API technology and Strong Customer Authentication (SCA), it puts users firmly in control and helps significantly reduce the risk of fraud.

Open banking has seen success in certain use cases, like wallet top-ups, but hasn't yet fully broken through as a mainstay of e-commerce checkouts. To get there, it needs a clear narrative that resonates with both merchants and consumers, clearly articulating its unique benefits.

In November 2024, the UK government released its **National Payments Vision (NPV)**, setting its aims for the UK's payments sector to deliver world-leading payment services. A core part of this is the development of open banking as a viable alternative to card payments, increasing competition in the payments ecosystem.

The economic impact of open banking adoption is significant: by reducing transaction costs and fraud, it can foster a more competitive payments landscape that benefits consumers with better, more secure services. Conversely, if adoption stalls, the UK risks entrenching the current card duopoly. This means higher costs, stifled innovation, and increased exposure to fraud. This wouldn't only hinder

merchant profitability, but it would also limit consumer choice and security.

At Yapily, we're actively driving open banking forward. We commissioned YouGov to survey both merchants and consumers about their payment preferences, concerns, and expectations. The data and findings of this report will help us and the industry better understand how to continue developing a commercial model for open banking that ramps up adoption while ensuring it stays safe for users, enabling it to become a true alternative payment option.

We'll move beyond a simple analysis of survey data to propose a strategic narrative built on three core pillars: define the raw ingredients of open banking's unique value proposition to both consumers and merchants, call for the creation of an industry-led, bespoke, and proportionate consumer protection model that's fit for purpose, and package these elements in a way that unites open banking behind a single, trusted brand. This path, I believe, will enable us to unlock the next wave of adoption and reach our vision of a fairer, more competitive, and more resilient payments method for the UK.

Nicole is VP Product Strategy, Innovation and Policy for Yapily and a board member of Yapily Connect UAB. She owns new product development, strategic planning and regulatory and ecosystem engagement. Nicole is involved in several industry groups, sitting on the PayUK Industry Advisory Council and is a board member of the Open Finance Association. She actively participates in initiatives led by Open Banking Limited, including the VRP Working Group and CFIT's SME Lending taskforce.

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Research and survey results provided by



YouGov is a leading global research data and analytics group with operations in the US, the Americas, Europe, the Middle East, India and Asia Pacific.

As innovators and pioneers of online market research, it has a strong reputation as a trusted source of accurate data and insights. Testament to this, YouGov data is regularly referenced by the global press, and it is consistently one of the most quoted market research sources in the world.

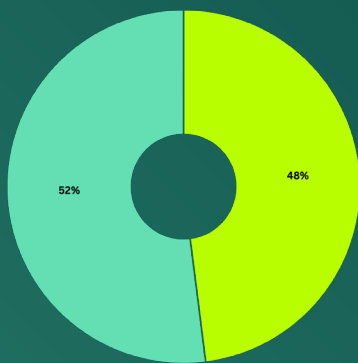
METHODOLOGY

To understand the current landscape, we commissioned YouGov to survey over 2,000 UK consumers and over 250 UK merchants on their payment preferences, concerns, and expectations.

Survey of 2015 consumers

Gender split of consumer respondents

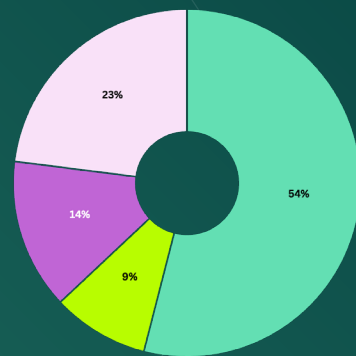
● Male ● Female



Survey of 257 merchants

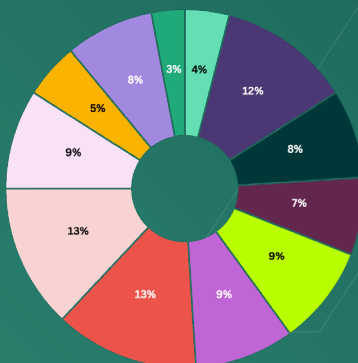
Merchant split by business size

● Micro ● Small ● Medium ● Large



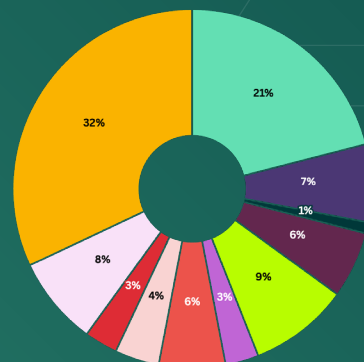
Regional split of consumer respondents

● North East ● North West ● Yorkshire and the Humber ● East Midlands
● West Midlands ● East of England ● London ● South East
● South West ● Wales ● Scotland ● Northern Ireland



Merchant split by industry

● Fashion & Apparel ● Accessories ● Beauty ● Consumer electronics
● Food & Beverages ● Health & Wellbeing ● Homewares ● Sporting goods
● Travel ● Services ● Other



EXECUTIVE SUMMARY

Our research provides a clear picture of the opportunities and challenges associated with open banking. To drive adoption, the industry must move forward with a new, cohesive narrative.

Merchants cite cost and security as their top criteria when choosing a new payment method. These elements need to be maintained if open banking is to increase adoption among merchants.

98%
of merchants value security when choosing a new payment method

58%
of consumers say a lower risk of fraud would encourage them to try a new payment method

Consumers want a payment method that is highly secure and convenient. But their prioritisation of these features is shaped by the perceived risk of the transaction, taking into account factors such as purchase value and merchant trust.

[Read section one](#)

EXECUTIVE SUMMARY

Merchants see the current chargeback process as broken, with many believing it is unfairly weighted in favour of consumers. Open banking should avoid a card-style chargeback consumer protection model if adoption is to increase.

41%
of merchants think the chargeback model should be scrapped

81%
of consumers say protection when payment problems occur gives them the confidence to make an online purchase from a known brand

Consumers want to know they are protected against payment problems such as incorrect amounts, double charges, or merchant insolvency, but brand familiarity still plays a crucial role in trust building.

[Read section two](#)

EXECUTIVE SUMMARY

Open banking is the most popular option for merchants when asked what payment method they would consider offering in the future. This highlights open banking's appeal, but suggests there's still opportunity for growth in adoption among merchants.

40%
of merchants are open to offering open banking

Only
39%
of consumers currently feel protected when making an open banking payment

Consumers currently lack awareness of open banking's inherent security features and protections, creating a perception that it's less safe than cards, which is stifling adoption at the checkout.

[Read section three](#)

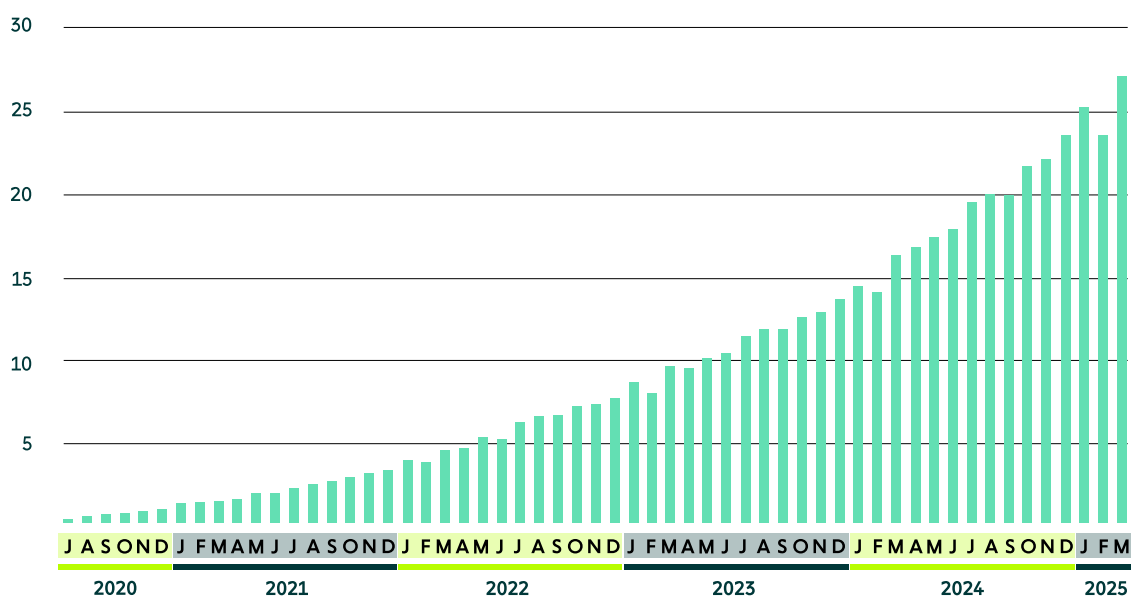
THE CURRENT STATE OF OPEN BANKING ADOPTION

Open banking has seen steady growth since the introduction of PSD2. The latest **Impact Report** by the Open Banking Limited (OBL) highlights that, as of March

2025, there were 13.3 million active users across both businesses and consumers — a 40% increase on the previous year.

Figure 0.1

Total open banking payments to March 2025



Source: OBL Impact Report 7

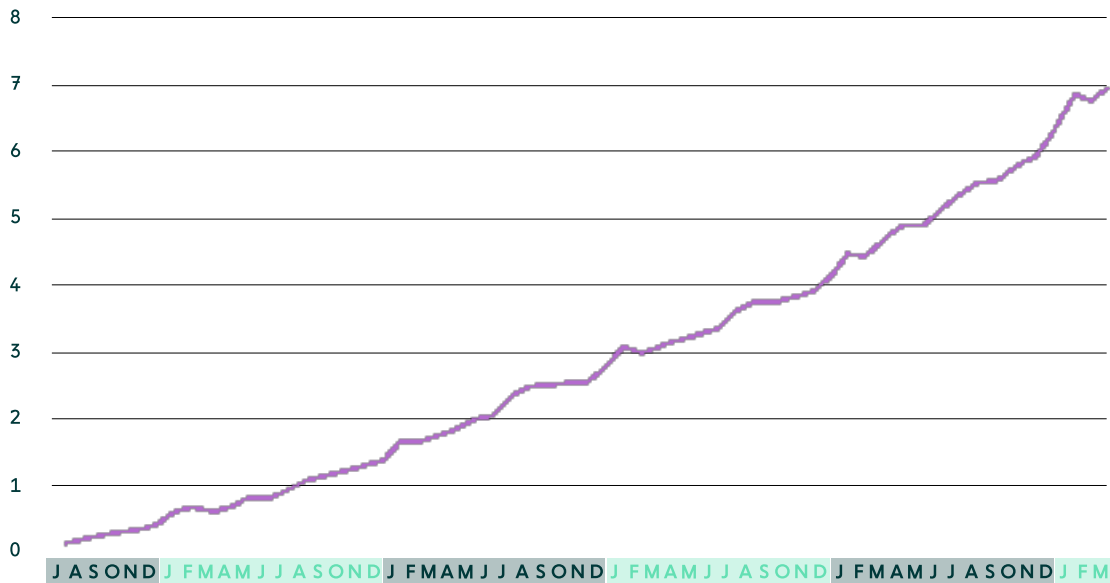
Since 2020, open banking payments have seen a 70% year-on-year growth, culminating in 31 million payments in

March 2025, which accounts for about 7% of all Faster Payments.

Open banking payments
have grown 70% year-on-year

Figure 0.2

Total open banking payments as a % of Faster Payments



Source: OBL Impact Report 7

However, while adoption is still steadily increasing, the industry hasn't seen the exponential growth touted when it first emerged. At its current rate, it could take years, or even as much as a decade, to rival cards as a primary payment option.

To fulfil its potential and meet the vision outlined in the NPV, we need a clear path forward that promotes exponential growth. This means identifying clear value propositions that distinguish open banking payments from cards, resolving the current debate around consumer protections, and packaging open banking payments in a way that will make it a compelling option for both merchants and consumers at the checkout.

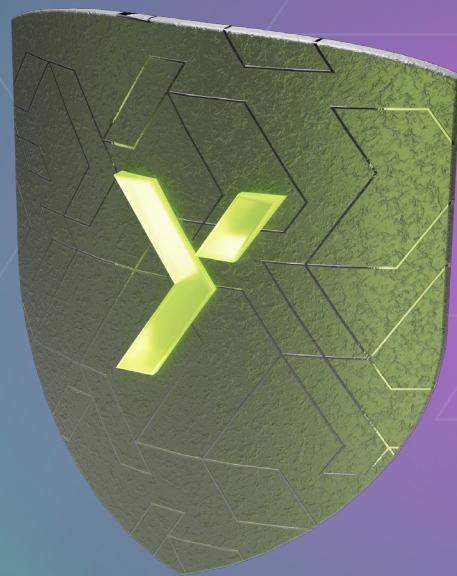
Open banking
accounts for

7%

of all Faster
Payments
transfers

SECTION ONE

**Building a strong
foundation for adoption:
Defining open banking's
unique value proposition**



01 Building a strong foundation for adoption: Defining open banking's unique value proposition

To scale open banking payments successfully, the ecosystem needs to clearly define its core value propositions. These are the key differentiators that position it as a more attractive alternative to cards and other payment methods. By understanding what core features and capabilities best distinguish open banking for both consumers and merchants, we can help foster competition and choice in the payments ecosystem.

Our research shows this proposition needs to define open banking payments as fundamentally distinct from cards, packaging low costs and reduced fraud

for merchants, with superior security and convenience for consumers.

Low cost is key to merchant buy-in

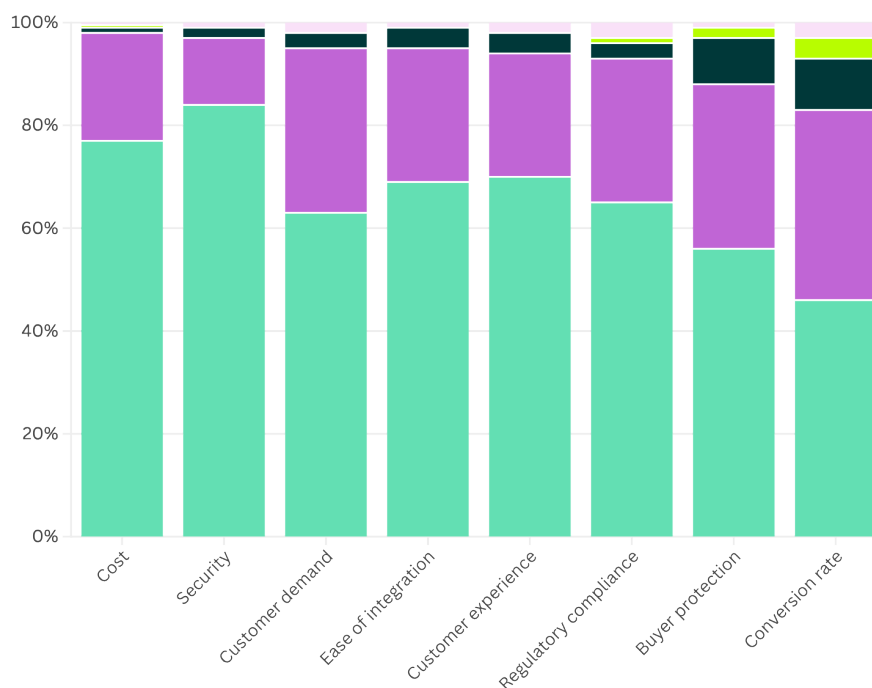
Merchants are the gatekeepers to open banking adoption. If we can't offer them a compelling reason to accept open banking payments at the checkout, mass adoption will die before it even reaches consumers.

Our findings show merchants are united by two core demands when evaluating new payment methods — cost and security.

Figure 1.1

Business priorities for new payment methods

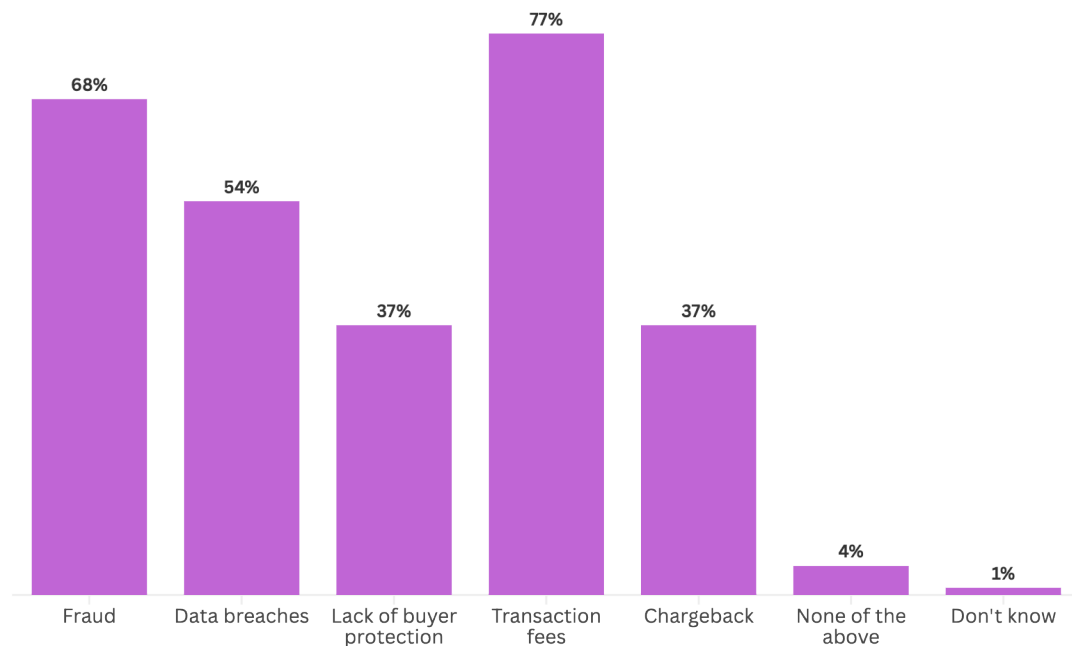
Very important Fairly important Not very important Not important at all Don't know



Q: How important are each of the following criteria to your business, if at all, when deciding to accept a new payment method?

Figure 1.2

Business concerns when choosing a new payment method



Q: Which of the following, if any, are significant concerns about offering new payment methods in your business?

Low transaction fees are an important criterion for 98% of merchants when considering new payment methods (77% say it is very important, 21% say it is fairly important) (figure 1.1). Additionally, 77% say cost is a key concern when choosing a new payment method to offer to consumers (figure 1.2).

Security as a core criterion for choosing a new payment method follows cost very closely, with 97% flagging it as important (84% say it is very important, 13% say it is fairly important) (figure 1.1). Over two-thirds (68%) say the risk of fraud is a significant concern, while over half (54%) flag data breaches as a key concern (figure 1.2).

While customer experience, ease of integration, regulatory compliance, and customer demand are also significant elements, low cost and security are the

two defining factors that shape merchants' decisions when choosing a new payment method. This exposes how merchants feel financially squeezed by the card payments duopoly currently dominating the UK payments landscape.

If open banking adoption is to accelerate, its ability to offer low costs and heightened security must be preserved. These two benefits are the core ingredients for the unique merchant value proposition to build a core industry brand message upon.

98%

of merchants value security when choosing a new payment method

Open banking's cost advantage: A make-or-break for merchants and adoption

Any move to increase fees risks undermines open banking's core value proposition. To drive adoption at scale, open banking must remain a leaner, more cost-effective alternative to cards and Direct Debit.

Transaction fee comparison table¹

Payment method	Typical merchant fee*			
Debit cards	Interchange fees	Scheme fees	Acquirer markup	Total
	0.2%	0.02%-0.17%	0.78%-1.33% ²	1.00%-1.70%
Credit cards	0.3%	0.04%-0.05%	1.5%-3.4% (+2p) ³	1.84%-3.75% (+2p)
Digital wallets	Equal to underlying card fees + additional service fees			
Direct Debit	1%-1.4% (+20p) per transaction, or 20-50p flat rate per transaction* ⁴			
Open Banking	Typically 0.1%-0.5% or 10p - 30p per transaction			

¹ Example rate based on various sources of published pricing — to note: larger merchants typically command lower pricing

² Based on examples Square and WorldPay, from <https://www.merchantsavvy.co.uk/card-processing-fees/> — acquirer fees typically negotiated based on volume, ATV, merchant category, payment source, etc.

³ Sourced from <https://www.money.co.uk/business/card-payment-solutions/credit-card-processing-fees> — processing fees typically differ between acquirers and can be negotiated

⁴ Based on pricing from <https://support.stripe.com/questions/june-2024-pricing-updates-for-bacs-direct-debit?locale=en-GB> and <https://gocardless.com/pricing/> and <https://www.merchantsavvy.co.uk/direct-debit-recurring-payments/>

Consumers want better fraud protection

Open banking needs to be more attractive than current payment options for consumers to make the switch at the checkout. Our research shows that they value both security and convenience, with their demand for security remaining strong across all payment scenarios, while their need for convenience shifts

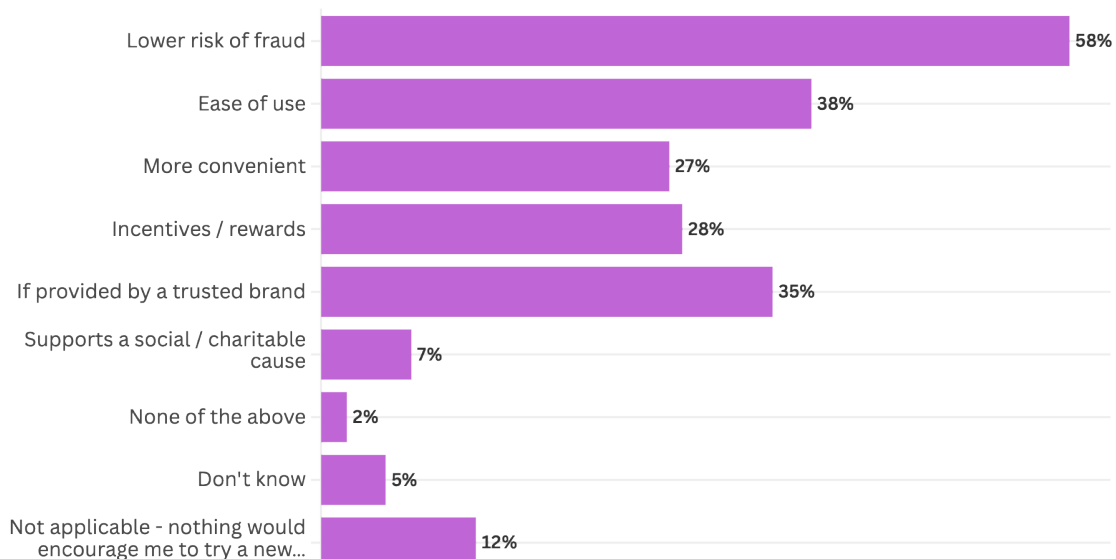
depending on the payment scenario (purchase value and brand familiarity).

A lower risk of fraud is the single biggest factor (58%) that would encourage a consumer to try a new payment method (figure 2.1). This is unsurprising given that nearly a quarter of respondents have experienced a form of fraud with debit cards (23%) and nearly one fifth (19%) with credit cards (figure 2.2).

58% of consumers want payments with a lower risk of fraud

Figure 2.1

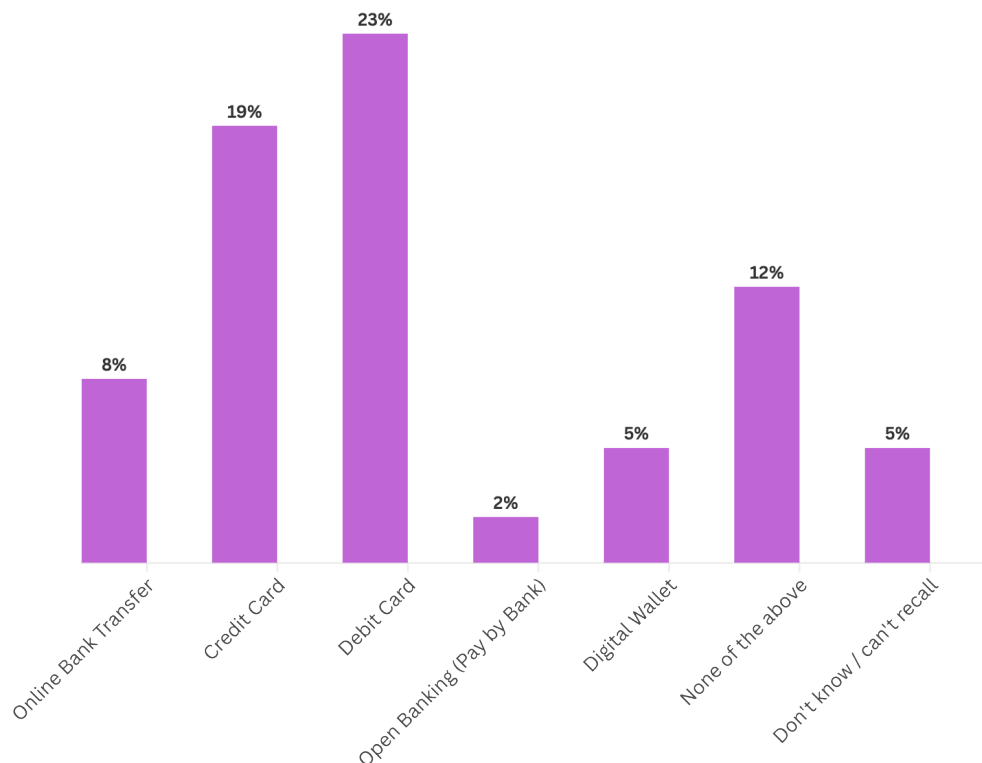
New payment method drivers for consumers



Q: Which of the following, if any, would encourage you to try a new payment method for an online purchase?
(Please select up to three options)

Figure 2.2

Consumer experiences of digital payment fraud



Q: Which of the following digital payment methods, if any, have you ever experienced fraud or unauthorised transactions with?

A December 2024 **Open Banking Limited (OBL)** report from the Joint Regulatory Oversight Committee highlighted that open banking's fraud rate is significantly lower per transaction than other payment methods, at 0.021% compared to 0.037%.

Ensuring we maintain open banking's secure-by-design architecture is core to

fulfilling consumer demand and giving them the confidence to consider trying this new payment method at the checkout. If we want to drive adoption at the consumer level, we need to ensure this value proposition is maintained and promoted.

Open banking's fraud rate is nearly half that of other payment methods

Open banking: Secure by design

Open banking payments come with strong, bank-level security built in by default and enshrined in regulation.

Key features include:

Strong Customer Authentication (SCA)

As mandated by PSD2, every payment must be verified using at least two independent authentication factors such as a fingerprint, face ID, or secure banking app approval.

No stored credentials

Unlike card payments, there's no need to store or share sensitive payment information like card numbers. This reduces the risk of fraud and potentially damaging data theft.

End-to-end encryption

Data is encrypted throughout the entire payment flow, protecting sensitive information.

Regulated access only

Only FCA-regulated third-party providers (TPPs) can access data or initiate payments, and only with explicit user consent. This creates clear audit trails and greater transparency and traceability compared to card payments, where data and payments are passed through opaque, often invisible parties.

Smarter fraud detection

Banks can apply real-time behavioural and transactional analytics at the point of authentication with open banking. This enables earlier, more accurate fraud prevention compared to card networks, which often rely on post-transaction chargebacks.

Direct bank-to-bank transfers

Funds move directly between bank accounts, removing intermediaries like card issuers, which lowers the risk of interception or failure.

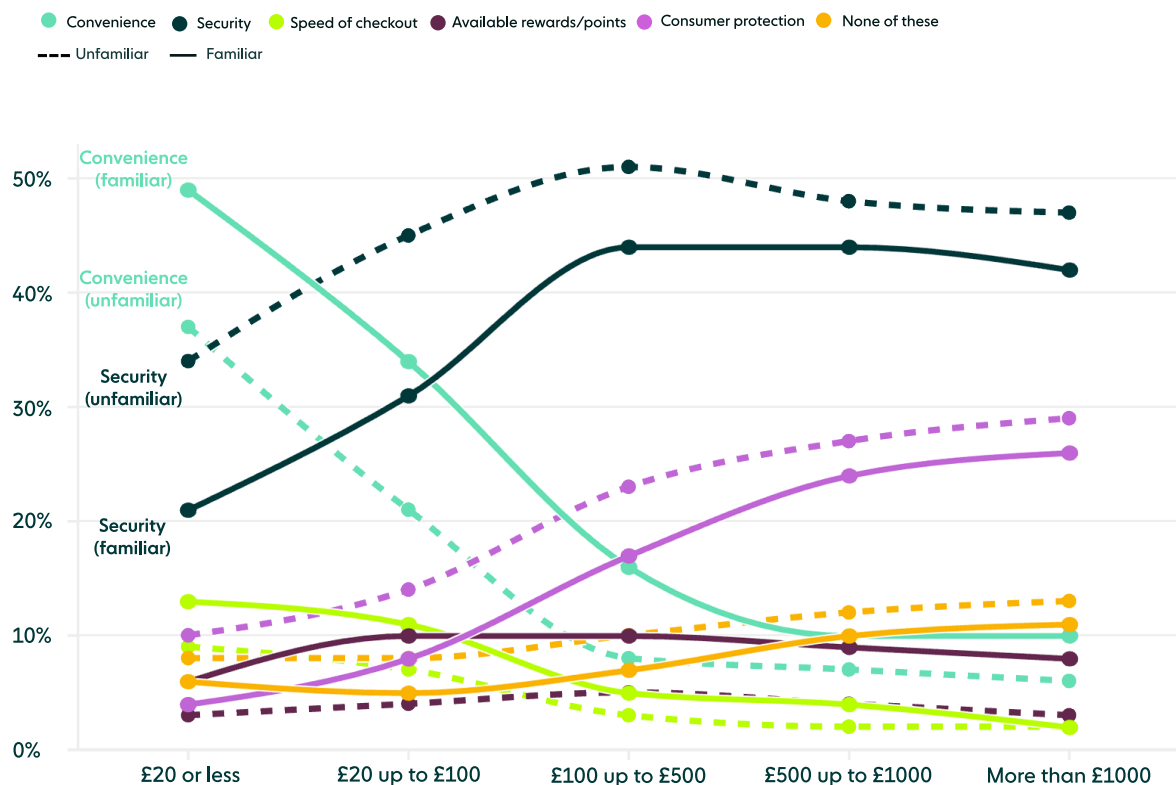
Security is non-negotiable, convenience is in high-demand

Interestingly, when asked about more specific payment scenarios, based on

purchase value and brand familiarity, consumers' priorities shifted. As we'd expect, brand familiarity helps foster trust, but only to a limited degree.

Figure 1.3

Key factors influencing online payment choice



Q: For each of the following scenarios, what do you consider the most important factor when choosing which payment method to use when making an online purchase?

With familiar brands, security concerns increase with value and the need for convenience drops, but not as starkly as when the brand is unfamiliar. At a purchase value of under £20, nearly half (49%) prioritise convenience and only 21% prioritise security, but this switches at the £100-£500 price point, where the

proportion of consumers prioritising security reaches 44% and the need for convenience drops to just 16%.

When buying from unfamiliar brands or merchants, convenience is also the top concern for low-value purchases (under £20) — but only by a 3% margin above

security (34% to 37%). A £100-£500 price range is enough for over half (51%) of consumers to rank security as their top concern.

These insights suggest that security is a core concern that remains consistent across almost all payment scenarios based on purchase value and brand familiarity. The need for convenience, on the other hand, matters, but its importance is shaped by the specific payment scenario.

As we have seen, open banking already offers improved security over traditional

payment methods like cards, but when it comes to convenience, more needs to be done to convince consumers of open banking's benefits to distinguish it from other payment methods.

What's been missing from the open banking payment experience is a highly frictionless payment option. Commercial Variable Recurring Payments (cVRP) is set to close this gap, building unprecedented convenience and control into the overall open banking payment experience that will complete the consumer value proposition and encourage adoption at the checkout.

“The pace of open banking adoption is a constant topic of conversation — it promises so much but hasn't quite gotten to where many had expected it to be. This report makes it clear: the fundamental building blocks are in place. The challenge now is turning those ingredients into a compelling, unified proposition that accelerates adoption and meaningfully disrupts the UK's card duopoly. Yapily has taken a bold step forward with a proposed roadmap — now it's time for the industry to come together and build on that momentum.”



NILIXA DEVLUKIA
Chair of the Open Finance Association

cVRP: Where convenience meets security

Commercial Variable Recurring Payments (cVRP) are the next evolution in open banking payments, offering a smarter, more flexible alternative to traditional recurring payment methods like Direct Debit and card-on-file one-click payments.

With cVRP, customers can set up a mandate to approve ongoing payments to a business within clearly defined limits for amount, frequency, and purpose, without needing to re-authenticate every time. This allows for two key use cases:

1. **Regular recurring subscription-style payments**
2. **One-click checkout for authorised merchants**

These long-lived mandates are fully transparent so consumers can view, edit, or cancel them instantly via dedicated dashboards, unlike Direct Debit, which often requires days to process changes.

Unlike cards, cVRP is based on real-time, bank-to-bank transfers, meaning they're secure because no card details are stored, and settlement is instant.

For consumers, cVRP delivers the frictionless experience they want from open banking payments without sacrificing control or security. For businesses, it unlocks lower fees, faster settlement with fewer fraud risks than legacy payment methods, while delivering a greatly improved user experience.

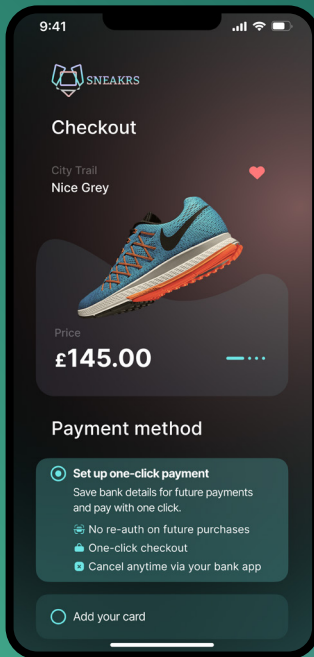
cVRP is the catalyst that will unlock mass adoption and turn open banking from a promising alternative to a mainstream payment method.

cVRP for e-commerce example flow

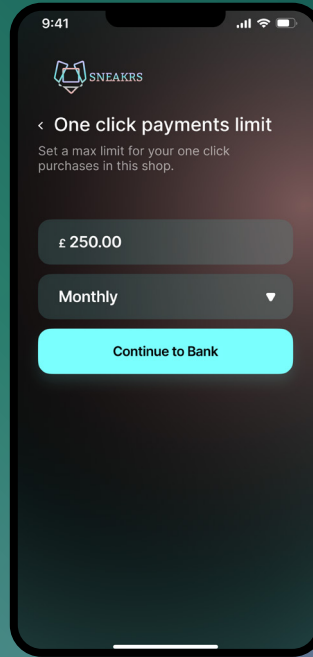
Here's what cVRP might look like for e-commerce uses

Mandate set up and authentication

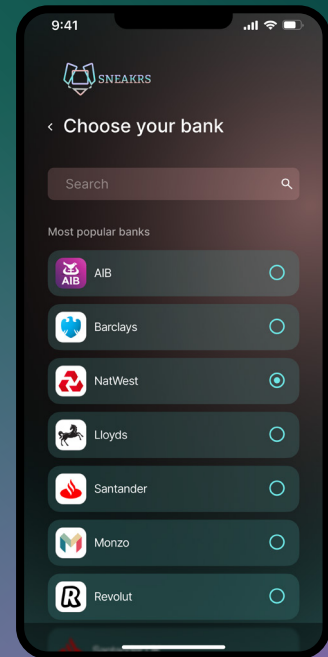
Select one-click payment
set up



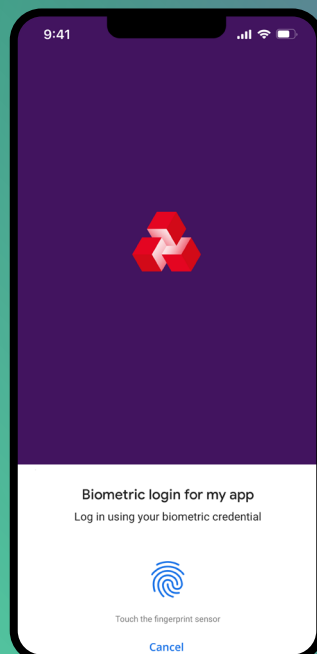
Enter mandate
parameters



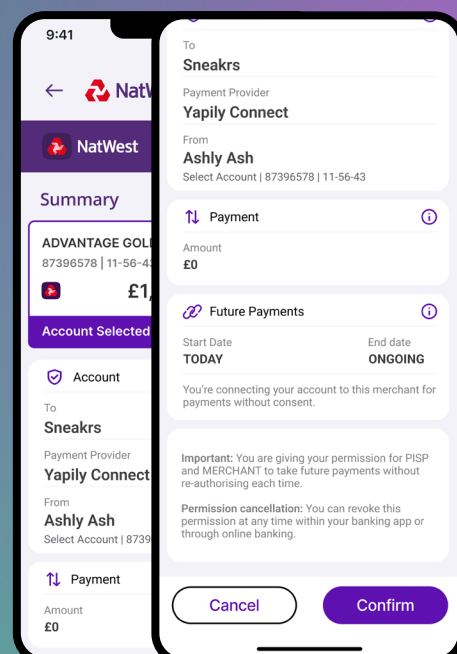
Select bank



Login to bank app
securely using SCA



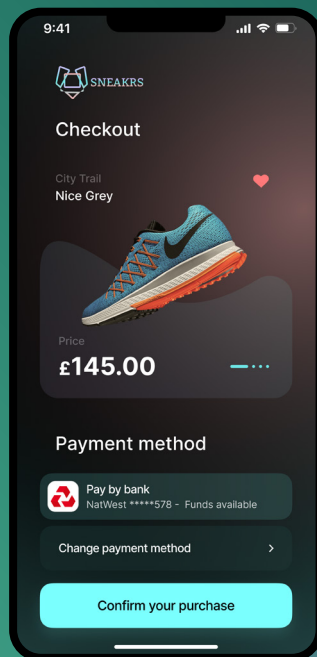
Confirm cVRP
mandate in bank app



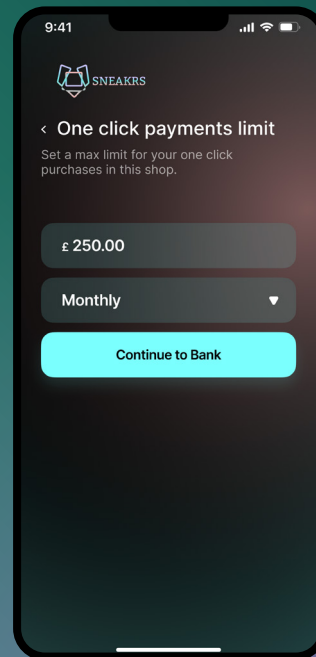
cVRP for e-commerce example flow

Initial purchase

Swipe to confirm purchase



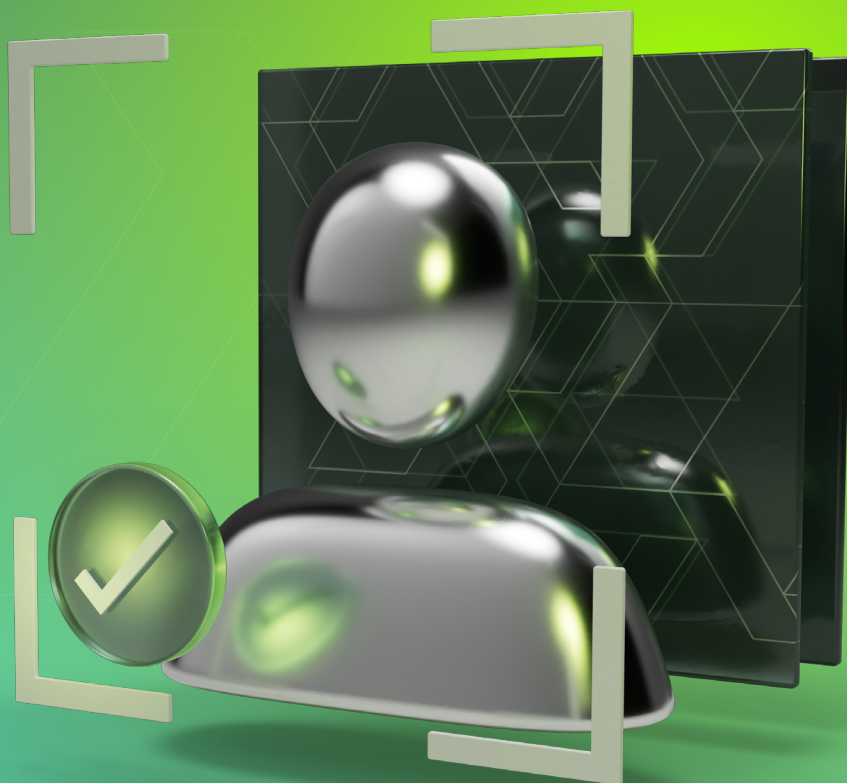
Enter mandate parameters



Learn more about cVRP in our Wave 1 product portfolio

SECTION TWO

The missing piece:
Addressing consumer
protections in open
banking



02 The missing piece: Addressing consumer protections in open banking

Consumer protection is currently a hot topic in open banking. As things stand, standard consumer protections enshrined in the Payments Service Regulations (PSRs) 2017 and the Consumer Rights Act 2015 currently apply to open banking payments.

Open banking's inherent security features, like SCA, the requirement for TPPs to be regulated, end-to-end encryption, and not storing credentials, all make fraud and accidental unauthorised payments much less likely than with cards. While gaps still remain around issues like merchant insolvency, these features, coupled with the

standard protections currently included, cover consumers in most situations when a payment could go wrong.

To preserve open banking's appeal to merchants and consumers, we need a consumer protection model that doesn't impede this core value proposition. Our findings show that simply replicating a debit card model based on chargebacks — a proposed model in current discussions — would be a monumental mistake, importing a system that merchants find costly, complex, and fundamentally unfair, and which consumers have little knowledge or understanding of.

Existing consumer protections in open banking

Open banking payments come with consumer protections enshrined in regulation as part of the Payments Service Regulation 2017 and other legislation, such as the Consumer Rights Act. This includes:

- **Consent and authorisation (Regulation 67):** Open Banking services (payments and data access) require the customer's explicit, informed, and revocable consent before TPPs (PISPs and AISPs) can act.
- **Strong Customer Authentication (SCA) (Regulation 100 & RTS):** Most Open Banking transactions and data access require SCA, meaning identity verification using at least two independent factors (e.g., password and phone) to enhance security and prevent fraud.
- **Liability for unauthorised transactions (Regulation 76):** For unauthorised Open Banking payments, the PSP (bank or TPP) is generally liable to refund the customer, unless the customer engaged in fraud or gross negligence.

- **Transparency and Information Requirements:**
 - **PISPs' obligations:** PISPs must provide clear transaction details (amount, beneficiary, charges) to the payer before initiating a payment.
 - **ASPSPs' (banks') obligations:** Banks must provide account data to AISPs and facilitate PISPs, ensuring non-discriminatory and fair access for TPPs.
- **Safeguarding of funds (Regulation 23):** Payment institutions, including many TPPs, must safeguard customer funds by holding them in segregated accounts or secure investments to protect them if the institution becomes insolvent.
- **Dispute resolution and complaints:** Under the Consumer Rights Act 2015, consumers have the right to their PSP (bank or TPP) and, if unresolved, escalate their complaint to the Financial Ombudsman Service for redress.
- **Professional indemnity insurance (PII):** AISPs and PISPs are typically required to maintain professional indemnity insurance or a similar guarantee to cover potential liabilities from their services.
- **APP fraud reimbursement (since October 2024):** Victims of APP fraud are reimbursed when using Faster Payments or CHAPS when they're not at fault for fraudulent activity or "gross negligence". Reimbursement costs are split between the customer's financial provider and the financial provider used by the fraudster (the 'receiving' firm).

“Agreeing on a consumer protection model that works for both consumers and merchants is a priority for open banking. Rather than copying old, flawed models - such as chargebacks - we need to find a model that helps merchants to thrive and consumers to trust this new payment option”



NICOLE GREEN
VP API Product Strategy, Innovation &
Policy at Yapily

Chargebacks are not the answer

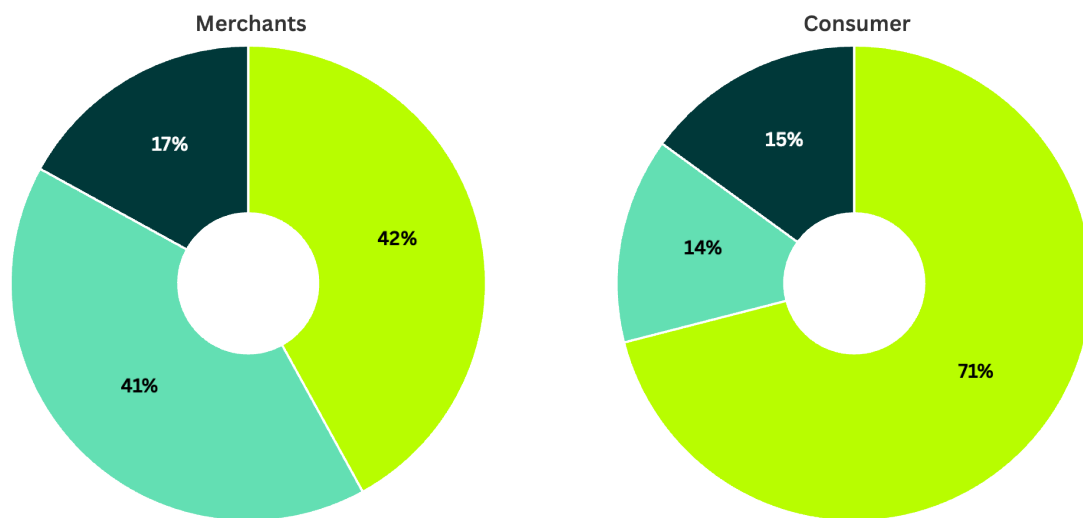
Our research shows that merchant dissatisfaction with chargebacks is profound. A significant 41% believe the process is unfair for them, while 71% think

it's fair for consumers, highlighting a clear imbalance (figure 2.1). Nearly half of merchants rarely or never fight chargebacks, likely because the process is too time-consuming, costly, and complex to be worthwhile.

Figure 2.1

Perceptions of chargeback fairness

● Fair ● Not fair ● Don't know



Q: How fair an outcome, if at all, do you think the chargeback process is for...

41% of merchants think the chargeback model should be scrapped

This frustration has fuelled a powerful demand for change. When asked what would make buyer protection more merchant-friendly, the answers were a direct indictment of the current model: a more efficient chargeback dispute process (49%), better chargeback fraud

prevention (47%), and, for many, the complete elimination of chargebacks (41%) (figure 2.2).

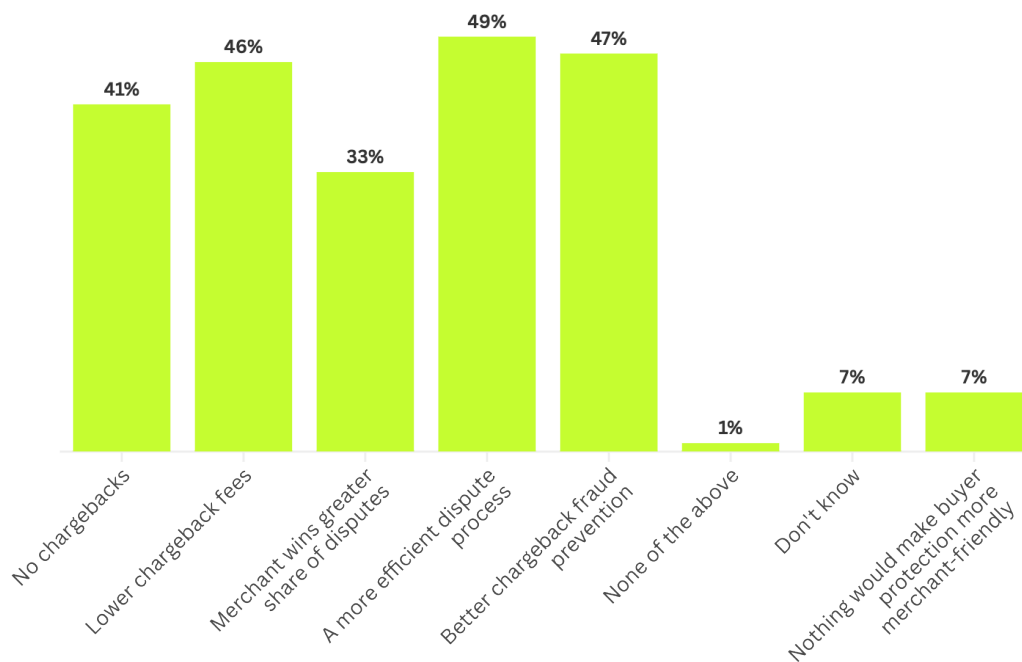
If we are to increase adoption, it's imperative that we do not implement a chargeback model in open banking. This

would effectively burden merchants with a significant problem they currently face with debit card payments as well as

significantly impacting open banking's ability to maintain low transaction costs.

Figure 2.2

What merchants want in buyer protection



Q: Which of the following, if any, would make buyer protection more merchant-friendly?

Understanding chargebacks – and why open banking reduces the risk

What is a chargeback?

A chargeback allows a customer to dispute a transaction and request their bank or card provider to reverse it. It was originally introduced to protect against unauthorised payments and APP fraud, but has since evolved into a way for consumers to reclaim money if goods or services didn't arrive or were misrepresented.

Why is it a problem for merchants?

The chargeback model means that when something goes wrong, the bank can forcibly transfer the money from the merchant back to the customer. Once raised, the merchant faces the burden of providing proof, the cost of admin time, and the risk of losing the dispute. If the merchant loses a chargeback, it typically costs £15 - £25 per chargeback. Each chargeback also comes with processing fees, and if chargeback rates climb too high, acquirers can raise transaction fees or impose penalties.

What is 'friendly fraud'?

A major problem for merchants is friendly fraud. This happens when a customer makes a purchase but later files a chargeback, either mistakenly or falsely claiming that they didn't receive the goods or service, or that they did not authorise the payment. Our data shows that nearly half of merchants want stronger protection against this kind of abuse. Industry estimates suggest that around 70–79% of chargebacks are friendly fraud.

Consumer chargeback confusion

Research by chargeback.io shows that more than 72% of consumers don't know the difference between chargebacks and refunds, and 70% of them find it easier to process a chargeback than a refund.

How does open banking help?

Open banking tackles one of the most common reasons for filing chargebacks — unauthorised payments. Thanks to built-in Strong Customer Authentication (SCA), customers must confirm the payment in their banking app, which helps eliminate disputes over unauthorised payments, whether false or genuine.

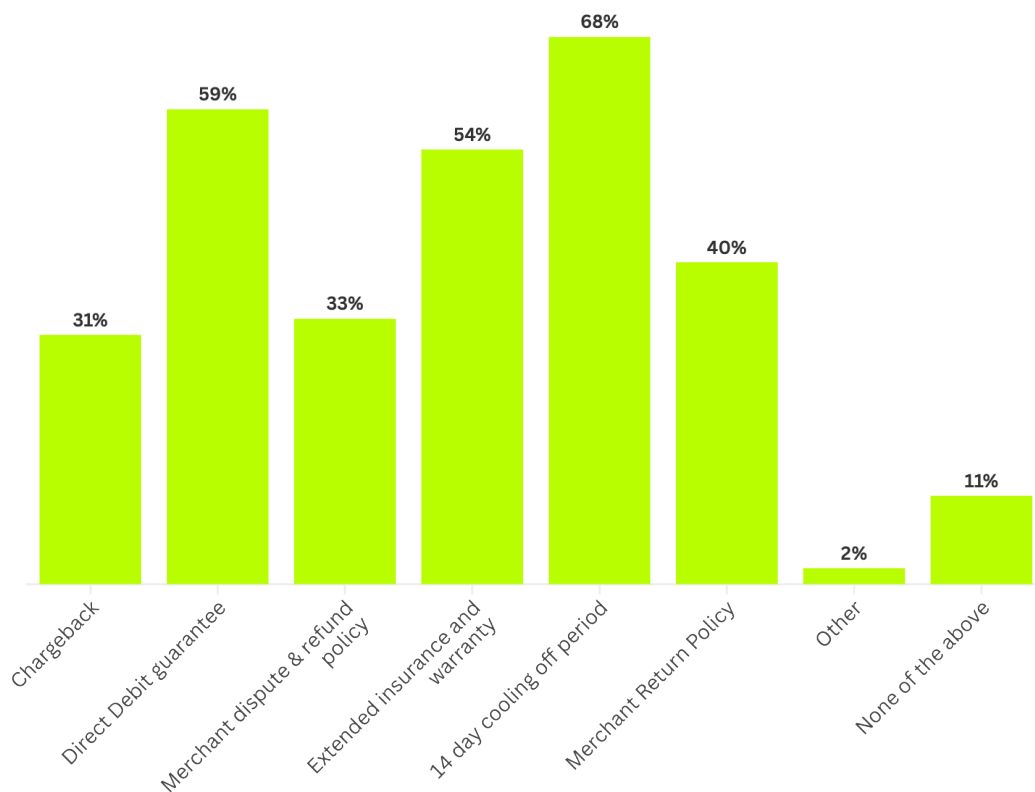
Consumers need clearer information on protections

Alongside security and convenience, consumer protection consistently ranks in the top three considerations when

shopping online, regardless of purchase value or brand familiarity. Yet fewer than a third of consumers say they can identify basic protections like chargeback rights or merchant dispute and refund policies (figure 2.3).

Figure 2.3

Consumer protection awareness



Q: Which of the following consumer protections, if any, are you aware of?

This matters because awareness of protections directly shapes how consumers choose to pay. Knowing they're protected builds trust, and trust unlocks sales.

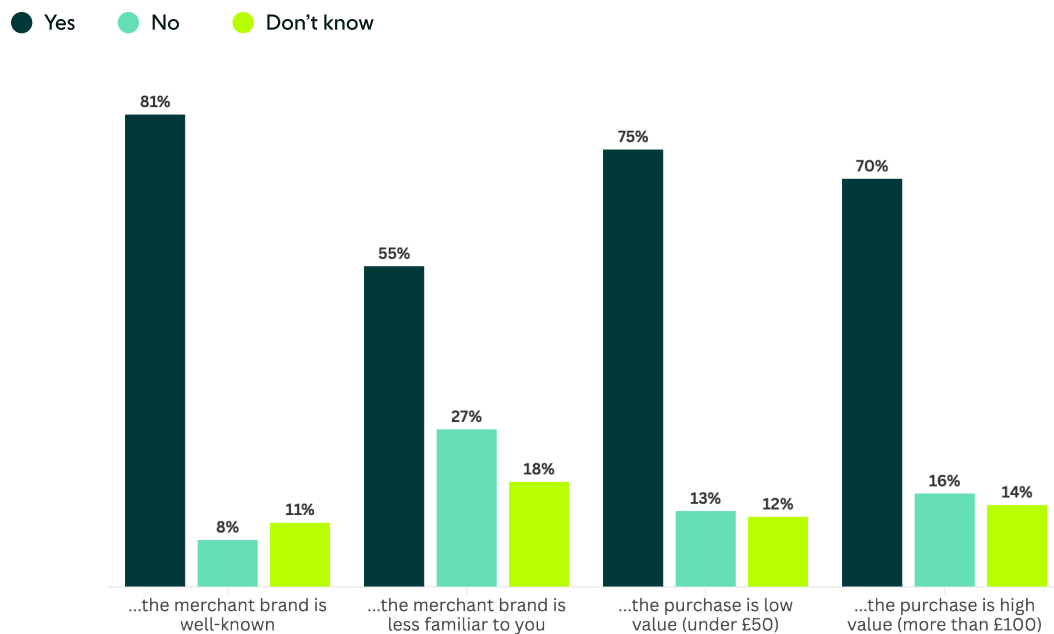
Our research shows that 70% of consumers say protection against problems such as incorrect amounts, double charges, or merchant insolvency makes them feel confident enough to

complete a high-value purchase. And 55% say they would feel confident even if the merchant brand was unfamiliar (figure 2.4).

When a brand is familiar and consumers are confident that protections are in place, 81% say they feel secure enough to complete the transaction, while 75% said they would feel confident if it were a low-value purchase.

Figure 2.4

Consumer protection's impact on online payment confidence



Q: Does knowing you are protected against payment problems (such as incorrect amounts, double charges, or merchant insolvency) make you feel secure enough to pay online when...

This tells an important story — that trust is contextual. It's not only determined by price or payment method alone; it's shaped by how familiar we are with the brand, how high the stakes are, and whether we feel confident we'll be protected if something goes wrong.

Open banking's built-in security already addresses many of the core issues the chargeback scheme was created to solve, meaning a costly, fraud-prone card-style consumer protections model is redundant in open banking.

The overall solution is a 'smarter,' more focused protection-lite model. It is 'lite' only in that its scope is narrower, as SCA and the PSR 2017 regulations already address most payment problems, fraud, and consumer protection issues. Additionally, consumers are protected

when buying goods, digital content, and services under the Consumer Rights Act 2015, enshrining in law the right to reject faulty goods, receive repairs or replacements, and seek redress for unfair contract terms — all scenarios where the outdated chargeback model is often incorrectly implemented by consumers.

The bespoke consumer protections model for open banking must also be allowed time to develop and iterate based on market conditions. Right now, it needs robust, targeted protection for the remaining risks like merchant insolvency, ensuring consumers feel secure without burdening merchants with the costs and complexities of a full chargeback system. This creates a fair balance that encourages adoption from both sides while ensuring consumers are adequately protected.

SECTION THREE

The path to adoption:
It's time for cohesive
branding and an
industry-approved trust
mark



03 The path to adoption: It's time for cohesive branding and an industry-approved trust mark

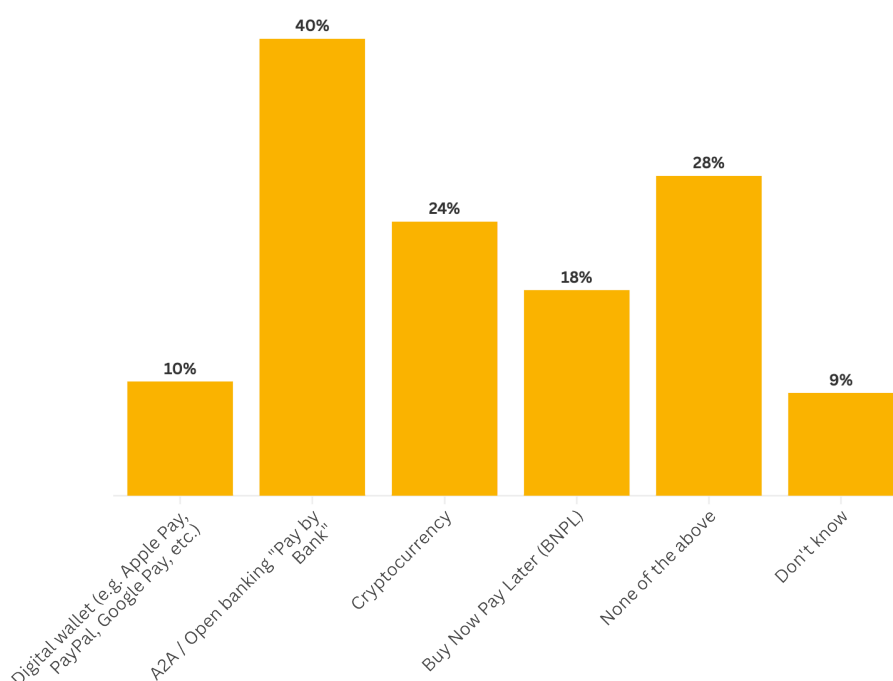
Once a clear value proposition and a bespoke protection model are in place, the final step to ramping up adoption is to communicate this package to the market. To close the perception gap and drive mainstream adoption, open banking needs a powerful, consistent brand identity that appeals to both consumers and merchants. A key element of this will be a universally recognised trust mark.

Merchant interest is on the rise, but more can be done

For merchants, there's a clear appetite for open banking. Despite only 16% of those surveyed currently offering it, 40% of those who don't, said they would be open to offering it in the future.

Figure 3.1

Payment methods businesses plan to accept



Q: Which of the following payment methods, if any, would your business be open to accepting in the future?

This is a clear endorsement of open banking's potential among merchants, and by further raising awareness of its benefits, we'll see the number of merchants considering open banking as a viable alternative payment option increase.

We need a concerted plan for consumer branding

As our research shows, there is a significant gap between what consumers want and what they currently get with traditional payment methods like cards.

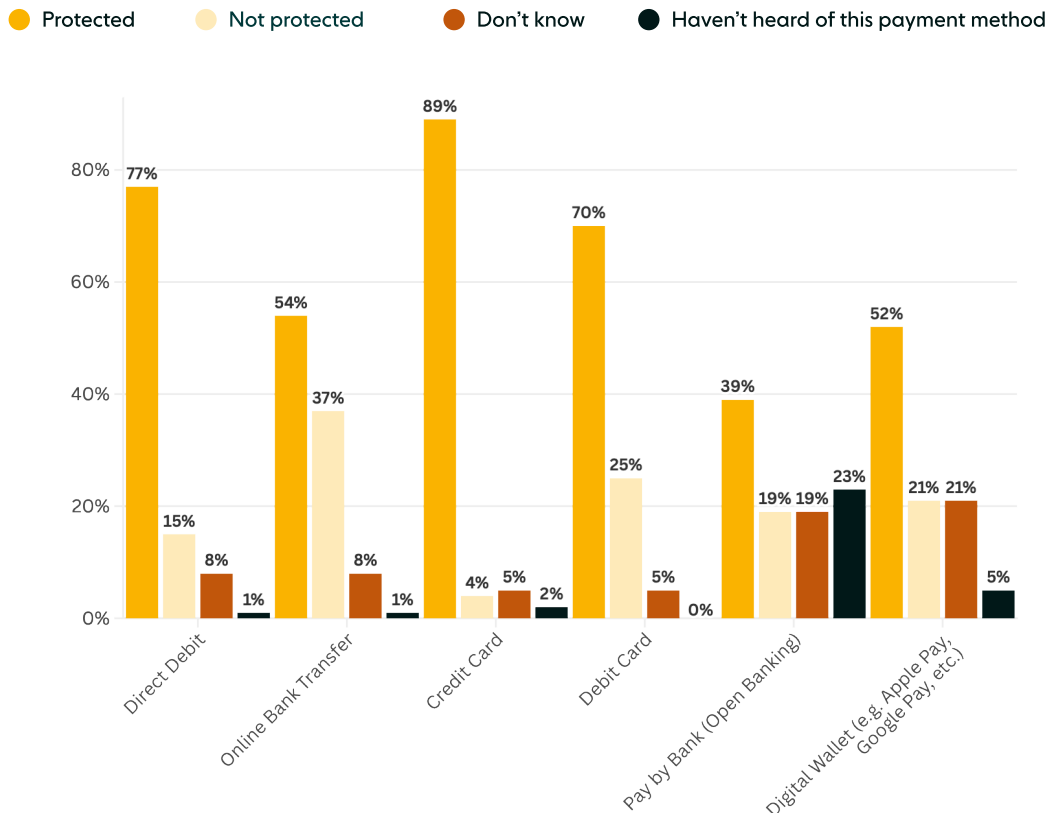
Consumers want better security, but their payment choices are driven by perceived rather than actual protection. Despite the enhanced security, lower risk of fraud, and extensive consumer protections already in place with open banking payments, under two-fifths feel protected when making an online purchase. This is the lowest across all payment methods.

However, 42% of consumers answered they “don’t know” or that they hadn’t heard of open banking, highlighting two core issues — there is a need to raise awareness of open banking as a payment method; and we need to build trust and educate consumers on the security and protections open banking delivers.

40% of merchants want to offer open banking in the future

Figure 3.2

Digital payment protection perceptions among consumers



Q: How protected would you feel when using each of the following digital payment methods if something were to go wrong when making an online purchase?

Building a clear pathway to adoption

We've identified 3 core elements that can serve as an overview of an open banking branding strategy to raise awareness and educate consumers.



Create an action-oriented, consumer-friendly brand:

Open banking needs a strong, recognisable brand that includes a name and logo that moves beyond technical jargon and instils the core consumer value propositions.



Develop a universal trust mark: This is needed to build trust at the checkout and represents the full value proposition: security, control, and protection. This should be a clear, recognisable indicator that instantly tells people this method is safe, regulated, and trustworthy.



Iterate and educate consumers as open banking evolves: Open banking is a developing technology, and clearly explaining the benefits as it matures — particularly around security and control — while being transparent about protections, will help build long-term trust.

Cracking consumer adoption at the checkout has been a challenge for open banking since its inception, but by aligning on a key strategy to brand the technology, communicate its core value

propositions, and drive adoption, there's no reason why we can't encourage consumers to choose a better alternative at the checkout.

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Driving adoption forward



Next steps: Driving adoption forward

For open banking to become a true alternative to cards, it needs a commercial model that pushes it way past 30 million monthly transactions — ideally past the 1 billion mark. The data and insights from this survey can

contribute to the development of a commercial model for ramping up adoption. With this, we believe mass adoption on par with cards can be achieved.

Key principles for ramping up adoption

Based on our findings, we're proposing moving forward with four key principles:

1

Develop a bespoke consumer protection model for open banking that is reimagined from the ground up and complements its unique values.

2

Introduce a visible trust mark to highlight open banking's security features and build confidence at checkout.

3

Prioritise rolling out cVRP, particularly for e-commerce, to enable seamless repeat payments and close the convenience gap.

4

Keep open banking cost-effective, secure, and clearly valuable for merchants, ensuring that any new features preserve, rather than dilute, its core appeal.

"Open banking has the potential to redefine payments - but realising that potential demands a coordinated industry effort. Yapily's report is a timely call to action: align on a shared strategy, prioritise user trust and merchant value, and push forward with innovations like cVRP. At OBL, we're committed to enabling the standards and collaboration that will take open banking from promising alternative to preferred choice."



LUKE RYDER
Standards, Strategic Policy & Public Affairs Director

A strategic roadmap for adoption

Implementing these principles alongside developing innovations in open banking allows us to build a blueprint for adoption to increase exponentially. While the timescales and components of this

roadmap will likely shift and change, it forms a high-level plan to make open banking a true challenger to the card duopoly.

H2 2025

cVRP Wave 1 launch

cVRP for regulated utilities, financial services, and government entities

Consumer protection framework development

Industry consultation on protection model that avoids chargeback replication and solves the issue of merchant insolvency

Open Banking brand development

Initiate comprehensive rebranding strategy to move beyond technical terminology and create consumer-friendly name

H1 2026

cVRP Wave 2 preparation

Finalise commercial frameworks for e-commerce use cases

cVRP Wave 1 optimisation

Refine Wave 1 based on early adoption feedback and usage data

Ramp up open banking value proposition awareness

- Consumer Education Campaign: Launch targeted awareness campaigns addressing the consumer knowledge gap
- Merchant Incentive Program: Implement support schemes to accelerate adoption from current 16% to target 40%, already considering offering it

Trust mark design

Initiate cross-industry working group to develop unified open banking trust mark specifications

Consumer protection model launch

Deploy bespoke protection framework, including educational information

H2 2026

New Open Banking brand launch

Deploy consumer-friendly branding that emphasises security, control, and cost benefits rather than technical complexity

Trust mark rollout

Begin merchant onboarding to unified open banking trust mark program

cVRP Wave 2 launch

cVRP for e-commerce, enabling one-click payments and subscription management for low-risk use cases

Iterate on brand recognition metrics

Refine brand and achieve measurable improvement in consumer recognition

Continuous optimisation

Mass market adoption

The opportunity before us is clear: we can build a payments ecosystem that serves merchants and consumers better than any card network ever could, or we can watch open banking fall into obscurity, failing to break through as a true, viable alternative payment method.

The data shows consumers and merchants both want what open banking offers — superior security, lower costs, and greater control. Now we need to package this into a clear brand that resonates throughout the payment ecosystem and drives adoption forward from “steady” to “exponential” growth.



Ready to unlock lower fees, enhanced security, and a better payment experience?

Talk to an expert

About Yapily

Yapily is Europe's leading open banking infrastructure platform. We enable companies to securely connect businesses and consumers to thousands of banks across the UK and Europe, allowing them to access financial data and initiate payments instantly. Our mission is to empower companies to integrate the benefits of open banking into their products and services, delivering more secure, stable, and transparent financial services for everyone.

Our customers range from disruptive fintechs to industry leaders operating in a number of verticals. Adyen, Allica Bank, Alipay+, Intuit QuickBooks and Pleo are just some of the hundreds of businesses using our platform today. Visit yapily.com for more information.

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