

## David Edmonds' speech for Industry Forum 2020

I'm David Edmonds and I'm the chairman of the PSA. I joined the Board as Chairman five years ago now, in 2015.

We have come a long way since then – as I arrived, we were in the middle of a project to amend Part 4 of the Code to produce a more streamlined and less complex investigations, adjudications and appeals procedure.

Following that change, I set out that the PSA would continue to deliver regulatory certainty and continuity as best we could, and which broadly we have done.

Since then, there have been a number of success stories. We rebranded – we clarified what we are here to do with a new name, a new vision and a new mission. We reduced our annual operating costs by over £1 million in real terms and have held the levy at £1.8m for the past three years with another year to come. We've put in policy solutions where they have been necessary to protect consumers and maintain their confidence in phone-paid services.

And we've tackled some of the bad practice that was stunting consumer confidence in the market and stopping the market from growing. We've taken action against persistent offenders, those who have deliberately set out to cause harm and mislead and those who have enabled others to take advantage of consumers' trust. These cases have also informed the way we have developed our regulation as we look to prevent harm to consumers happening.

This work has delivered. The market is growing, last year by 17%, as both new and existing providers offer services of genuine consumer value. The market is now worth over £630 million. And more people than ever before – some 26 million – are using phone-paid services.

Now, we are looking to the future.

In recent months, we have introduced a new strategic purpose. What's important here is that it signals our intention to do things a little differently. We want to be more proactive than we are currently, raising standards in the market so that consumers can trust phone-paid services.

Consequently, we also launched a major review of our existing Code of Practice.

### Code of Practice

We've operated an outcomes-based approach to regulation since 2011. Back when we introduced this quite radical approach to regulation, less than half of consumer spend was mobile-based, directory enquiries accounted for 25% of the total market, and consumer spend on operator-billed services was a mere £20 million.

Now, the phone-paid services market is very different.

Fixed-line services are in decline, as they are in the wider telecoms market. We estimate that more than 80% of consumer spend will be mobile based, with operator billing by far the largest market segment.

Consumer behaviour and expectations have also changed.

Nearly two-thirds of all internet browsing is done on a smartphone, and more and more consumers are buying goods and services online using digital payment methods.

Influenced by other online experiences, consumers now have clear expectations about what a digital payment experience should look like and expect phone payment to operate in the same way.

We cannot sit back as these fundamental developments change, shape and evolve the market around us. It's absolutely essential that we review and update our Code of Practice to ensure it continues to deliver for consumers.

### **Aims of the Code**

What the new Code, Code 15, ends up looking like will depend on the outcomes of the review and the input we receive during the comprehensive period of stakeholder engagement that we're about to enter. But as far as the Board is concerned, the Code needs to do three things:

The first is that regulation has to meet consumers' expectations. If our standards are not sufficient in the eyes of consumers, we as a regulator and you as an industry have failed.

Our work is already improving standards in the market. To give you just one recent example, we introduced Special conditions for subscription services in November.

For a number of years, we've been receiving more complaints about subscriptions from consumers than anything else. So, we knew tightening up regulation in this area was important and a priority for us. I'm pleased to note that since these conditions were introduced, complaints to us are already down by more than a third. It is early days, but the signs are good.

The second thing is compliance with the Code should be simple. We recognise that regulatory systems can be complex. We have a Code, 14 sets of Special conditions and 21 pieces of Guidance. I sympathise that navigating this is not always easy and I have personally set the Executive the target of making Code 15 clear, understandable and easy to comply with.

And thirdly, enforcement must be effective.

Right now, there are too many fly-by-night operators who make a quick buck and then disappear to avoid the consequences. That's no good for consumers, no good for us and no good for the industry at large, the vast majority of which is compliant and offers a positive consumer experience.

Ideally, we want to stop people like that from being able to operate in the market at all – prevention is better than cure. If they do manage to set up and rip people off, we want to be able to remove them from the market as quickly as possible.

With these aims in mind, I want to take this opportunity to get your valuable help to deliver a Code that is fit for purpose. All views are very much welcome and there will be plenty of opportunity to share them.

I also want to stress that the Industry Forum is not your only opportunity to have your say on Code 15 and what it could look like. There will be plenty of opportunities to input – be that in response to the discussion document, at workshops and meetings or at the formal consultation stage. This is a major piece of work, which we forecast will take about 18 months to complete. With that said we aim to have the new Code of Practice in place by the end of 2021.