

PSA - Call For Inputs: Review of Phone-paid Subscriptions

Q1:

The review objectives appear on the whole to have the right scope, however it would be advantageous if the following points were also covered in some respect:

More consumer awareness and understanding of the PSA and the benefit to consumers.

With regards to regulatory frame work, it could be argued that there is little consumer understanding or awareness of PFI, instead it is simply 'another step' in the flow. More awareness for consumers and understanding of UK PFI and how it protects consumers could be useful for consumers and this may provide an increase level of trust for the consumer.

Q2:

Having transparency running through subscription services is key, so consumers are fully informed as to what they are signing up for/subscribing to, thus leading to less complaints. For example: it is likely there would be more complaints if a consumer wasn't aware of the price, or the fact it's a subscription service, etc. However, at the same time it is also important to protect the service providers innovation and growth in the sense that over-complicating a flow through increased regulations could have a detrimental effect on innovation and subsequent growth.

If we take pricing as an example; it is key to finding the right balance here. Of course, never misleading the consumer and making the pricing clear but also not taking away the focus of the actual service over the pricing, otherwise we risk not being able to innovate due to lack of engagement resulting from too many constraints/regulations.

It is a fine balance introducing regulations to protect consumers but not at the detriment to innovation which breeds growth of the sector. It's about striking the right balance.

Another perspective on complaints can relate to the phone-paid sector as a whole, from a consumer trust angle. Consumer trust is an issue that needs to be tackled by the PSA because of the legacy viewpoint that phone-paid subscription services are a dirty word/dirty market when in fact the opposite is true, especially demonstrated with the introduction of Apple, Spotify and Netflix entering the marketplace.

Complaints can further be reduced through help from the PSA in the format of a simple video on the PSA website around phone-paid subscription services, thus reducing consumer suspicion and instead building consumer confidence. Furthermore, this could be enhanced further with a simple video about what to do in the event a consumer wants to challenge a charge, i.e. a step-by-step guide on what to do.

Ease of payment on phone-paid services is a USP however this also leads to complaints around the handset owners complaining that they haven't signed up for a service. There needs to be set rules in place that shows consumers have a duty of care to protect their

devices with on device security, especially with passwords and the new tech of fingerprint and facial recognition technology. This would then likely drive a reduction in complaints.

In addition, MNOs need to be more professional by making sure appropriate and clear messaging appears on consumer bills, so consumers are fully informed, thus avoiding a chain of unnecessary complaints to the MNOs, regulators, aggregators and service providers, etc.

Q3:

Yes absolutely.

I think a blanket regulatory response could hinder innovation in the market. There could exist a hierarchy level of regulatory guidelines/parameters to work towards, for example: there would be a much higher level/stronger restrictions and regulations for an adult (porn) subscription service than a gaming or competition subscription service.

A similar methodology could be employed for different types of subscription services and the same for different price point based subscription services.

In summary, one size does not fit all, instead hinders innovation and doesn't necessarily protect the consumer any more.

Q4:

Having the right and fair balance of consumer protection whilst encouraging innovation is key.

It is important the regulations support both the consumer AND the service providers to help maintain growth in the marketplace.

The regulations should be very clear, concise and easy to follow from a service provider perspective and a consumer perspective. This is key, so the consumer has trust in the sector (which needs growing) as well as the service providers feeling supported by the PSA and working to a common goal – growth of the sector (in a compliant manner.)

It would be extremely valuable to both consumers and service providers if the PSA created one "rule book" whereby this had sign-off from all MNOs. This would then become the definitive source of compliance direction, whereby consumers and service providers could refer to and know exactly where they stand. Operationally it would also help by having one point of reference for compliance matters and would lead to much more efficiency in the sector, both for consumers and service providers.

With organisations such as Apple, Spotify and Netflix entering the phone-paid subscription market, this can only be a positive step as it will enhance trust in the marketplace and increase awareness of this billing functionality.