

Consultation response form

Consultation on the regulatory framework for phone-paid subscriptions

Please complete this form in full and return by email to consultations@psauthority.org.uk or by post to Emma Bailey, Phone-paid Services Authority, 40 Bank Street, London, E14 5NR.

Full name	██████
Contact phone number	██████████
Representing	Organisation
Organisation name	Infomedia
Email address	████████████████████

If you wish to send your response with your company logo, please paste it here:

Infomedia

We plan to publish the outcome of this consultation and to make available all responses received. If you want all or part of your submission to remain confidential, please clearly identify where this applies along with your reasons for doing so.

Personal data, such as your name and contact details, that you give/have given to the PSA is used, stored and otherwise processed, so that the PSA can obtain opinions of members of the public and representatives of organisations or companies about the PSA's subscriptions review and publish the findings.

Further information about the personal data you give to the PSA, including who to complain to, can be found at psauthority.org.uk/privacy-policy.

Confidentiality

We ask for your contact details along with your response so that we can engage with you on this consultation. For further information about how the PSA handles your personal information and your corresponding rights, please see our [privacy policy](#).

<p>Your details: We will keep your contact number and email address confidential. Is there anything else you want to keep confidential?</p>	<p>Delete as appropriate: No</p>
<p>Your response: Please indicate how much of your response you want to keep confidential.</p>	<p>Delete as appropriate: None</p>
<p>For confidential responses, can the PSA refer to the contents of your response in any statement or other publication? Your identity will remain confidential.</p>	<p>Yes</p>

Your response

Please enter your response to each of the consultation questions in the appropriate box below.

Consultation questions	Your response
<p>Q1. Do you agree with the PSA's assessment that the evidence gathered from the research and other information, data and inputs considered support implementation of Special conditions for all subscriptions as an appropriate and proportionate response? If not, please set out your alternative approach and the supporting evidence.</p>	<p>Confidential? No (delete as appropriate) Yes</p>
<p>Q2. Do you agree with our proposed approach that the proposed Special conditions be applied to all phone-paid subscription services to create clarity and certainty for providers of subscription services, with any additional requirements under other Special conditions not being replicated in the proposed</p>	<p>Confidential? No Yes</p>

conditions?	
<p>Q3. Do you agree that the research and other information, data and inputs we considered support action on each of the identified issues outlined in this document? If not, please provide supporting evidence?</p>	<p>Confidential? No</p> <p>Infomedia recently commissioned its own consumer experience research from UX design experts AK718 Limited and Origin Design and Marketing Limited into the journey a consumer undertakes when paying by DCB, examining both the process and presentation of a DCB checkout experience. The research conducted by the PSA broadly accords with the outcomes of our research, subject to our specific commentary below.</p> <p>1. SMS Limitations and Frequency</p> <p>It is twice asserted in the Consultation that “SMS is no longer limited to 160 characters”, at paragraphs 57 and 152. This assertion is inaccurate and therefore the conclusions drawn from this do not fully take into account the implications of the proposed regulatory action. Support for concatenated SMS does not mean there is no limitation. Carrier infrastructure still sends SMS in 160 character ‘blocks’ and charges accordingly. This must be acknowledged by the PSA as a relevant consideration that, whilst it may not change the outcome of the consultation, does represent a significant increase in cost to the industry as a whole.</p> <p>The PSA must make clear whether the changes are applicable to existing subscribers to services. The impact of quadrupling the cost of managing service provision and is detrimental to all members of the value chain but especially those L1 providers who, acting in good faith and seeking to promote and manage best practice, have opted to absorb the cost of operational messaging in their already slim operating margins.</p> <p>Whilst the intention of this change may be to promote a monthly rather than weekly charging model (as suggested in paragraph 156 of the Consultation document) it is difficult if not impossible to impose this change to existing consumer bases as this would likely require the imposition of changes to service terms and conditions and would result in piecemeal implementation across existing services.</p> <p>For L1s or L2s quadrupling this operating cost will impact decisions relating to the investment in the UK market as funds that might have been channelled to growth will instead be forced into covering this new cost.</p> <p>We also observe that in paragraph 151 of the Consultation document the Craft research suggests there is in fact not benefit and may be detriment to consumers receiving “<i>multiple confirmation messages</i>”. This is also the conclusion outlined in the Consultation Document at paragraphs 162 which appears to have been disregarded in the final drafting. Furthermore, paragraph 160 of the Consultation document does not include, in the PSA’s assessment, any suggestion that increasing frequency of messaging would benefit consumers. The main thrust of the analysis is that consumer engagement with messages is the key to</p>

reducing risk, however at least one key change that there is broad industry consensus would be beneficial, detailed in our point 6 below, has not been included in the proposed Special Conditions.

2. Linking to Phone Account

We refer to the proposed wording of SS4(d) and the first bullet point of paragraph 64 in the consultation document.

Infomedia has explored the options for exposing part or all of a consumer MSISDN, where it is available, in the checkout flow as part of the process of ensuring that a consumer is made aware of how the payment mechanic operates.

This is challenging to execute for two reasons. Firstly, mobile network operators are, quite properly, averse to exposing consumer MSISDNs and the direction of travel is toward aliasing or tokenisation of MSISDNs to enhance security and protect consumer data. This means that as L1s serving consumer checkout experiences we are unable to display the consumer's MSISDN as recommended in the Jigsaw research. Secondly even were that available this would only be effective for consumers for whom their MSISDN has been detected via header enrichment.

For those reasons we wish to ensure that displaying the consumer's MSISDN is not the sole acceptable delivery of this condition as we have already developed an alternative solution to this particular requirement prior to the consultation commencing.

3. MSISDN Passthrough

Concerns are raised in the consultation documentation regarding the use of 'MSISDN passthrough' although, for the reasons set out previously, this is not necessarily a 'raw' MSISDN. We wish to ensure that the PSA has considered that being able to detect consumers automatically via this method is one of the key USPs of DCB; by limiting the amount of personal data a consumer is required to enter we can deliver a more secure experience than other electronic payment methods that require, for example, consumers to disclose credit card details and home addresses. We acknowledge there are challenges regarding the availability of SSL for such headers and understand this will form part of the upcoming consultation regarding security procedures.

4. PIN Expiry

We refer to SS5(c) third bullet point: "[The secure PIN must] expire within one minute of the PIN being received to the consumer's handset". This requirement does not appear to be supported by any research or other considerations disclosed in the consultation paper. We assert that the requirement does not take into account the vagaries of SMS systems; particularly that it is often the case that no delivery receipt is made available by carriers, thereby leaving open the possibility of a PIN that may never expire due to no delivery receipt being issued to the sender. We suggest an alternative approach is to link PIN expiry to the time of sending and set the expiry at 15 minutes, a process we have had in place for several years and found to be particularly effective at meeting the

	<p>balance between security and consumer convenience. This accommodates the possibility of minor delays in SMS systems but still provides effective protection by ensuring that PINs always expire.</p> <p>5. Receipts – formats We note that throughout the consultation document there are references to ensuring regulation is capable of keeping pace with technological developments, for example in paragraphs 147, 153, 166 and 179, however in SS7 the receipt format is specifically limited to “SMS or email”.</p> <p>Whilst it is noted that this will be the most common way of providing receipts, the limitation restricts at least two alternative options which are found elsewhere in the payments industry are (1) in-app account records and (2) e-wallet account records. This is supported in paragraph 152 of the Consultation Document but appears to have been disregarded in the final drafting. In the e-wallet example a receipt is generated within the e-wallet (which may or may not have any association with the service itself) and whilst a notification of an e-wallet use may be generated for a consumer this will not be a full receipt – the consumer will access the full receipt in their e-wallet system. In-app account records would be, in the simplest form, the generation of the receipt as an account management entry within a service for which a push notification is then generated. This latter option also aligns with the consultation conclusions regarding the delivery of in-app unsubscription methods (specifically paragraph 179 of the consultation document).</p> <p>6. Receipts – content The consultation document at paragraph 131 acknowledges that the use of ‘FREEMSG’ in receipt messages is confusing for consumers and heightens the risk of harm due to it being difficult for consumers to effectively identify important receipt messages as such because of the similarity to ‘spam’. Unfortunately this point, which has been consistently raised by us and many of our industry colleagues for some time, appears to have not been carried forward into the final proposals. It is well understood that the original purpose of this was to distinguish for consumer between premium SMS and standard SMS however, with due regard to the changes in registration procedures for providers and services, it could easily be required that the usage of this non-premium identifier is limited only to those services which use PSMS as the billing method. This would both alleviate (by increasing character availability) some of the risk we raise in our paragraph (1) above and remove the risk to consumers of important messages being mistaken for spam.</p>
<p>Q4. Do you agree with our analysis using the risk taxonomy (outlined from paragraph 249 of this document) that Special conditions</p>	<p>Confidential? No</p> <p>We agree that creating Special Conditions for all subscription services is a proportionate response and will help improve the marketplace for consumers whilst also creating an environment</p>

<p>represent a proportionate regulatory response to the risk of harm posed by phone-paid subscription services? If not, please provide supporting evidence.</p>	<p>more conducive to the types of services and products that will drive industry growth.</p>
<p>Q5. Are there any other issues not addressed through our proposed response that you consider warrant regulatory action in light of the research and other information, data and inputs considered? If yes, please provide supporting evidence.</p>	<p>Confidential? No</p> <p>Please see our response to question 3 above.</p>
<p>Q6. Do you have any views or evidence on the use and effectiveness of free trial periods of varying durations to support the PSA in considering what might be appropriate in the context of phone-paid subscription services?</p>	<p>Confidential? No</p> <p>In our view the use of free trial periods should not be a matter for regulation; it would be overly burdensome to control the many different factors which determine whether and how a business wishes to introduce consumers to its products and overly restrictive to mandate a single model for all services.</p> <p>We do note an inconsistency in the consultation approach on this point. In paragraph 140 it is stated that no specific action on free periods will be taken however the effect of the new receipts requirement at SS7 (notwithstanding our response to question 3 above) is that once a consumer is charged at the end of a free period they will receive a receipt message, which seems to align with the suggestion given in paragraph 132 for mitigating much of the alleged risk associated with free periods. We do not have any objection to this given that that is already considered best practice in existing Guidance (as per paragraph 127).</p>
<p>Q7. Do you have any additional comments?</p>	<p>Confidential? No</p> <p>None.</p>
<p>Addendum questions</p>	<p>Your response</p>
<p>Q1. Do you agree with our proposal to include use of a secure, consumer controlled, mobile originating short message service (MO SMS) as a method that providers could utilise to fulfil the proposed first or second phase consent to charge requirements (and as proposed at Annex A)?</p>	<p>Confidential? No</p> <p>No comment</p>

<p>Q2. Does the addendum provide clarity on the proposed consequential amendments to the service-type specific sets of Special conditions and Notice of Specified Charges and Duration of Calls, required as part of the subscriptions review? Do you agree with the consequential amendments proposed within Annexes B to F? If not, please explain.</p>	<p>Confidential? No</p> <p>Subject to our original responses to the consultation questions above we have no further concerns with the consequential changes.</p>
<p>Q3. Do you agree with our approach as outlined at paragraphs 20 – 24 of the addendum? If not, please provide evidence that would support an alternative approach, and/or on any potential impacts of the approach currently being proposed.</p>	<p>Confidential? No</p> <p>No comment.</p>
<p>Q4. The PSA welcomes feedback on the new receipting-based proposals set out in the proposed Special conditions.</p>	<p>Confidential? No (delete as appropriate)</p> <p>Please see our response to question 3 of the original consultation questions above.</p>

If you have any supporting imagery for your responses, you can paste them in your responses in the table above or here:

Submit your response

To send your responses to the PSA please email this completed form to consultations@psauthority.org.uk or by post to Emma Bailey, Phone-paid Services Authority, 40 Bank Street, London, E14 5NR.