

# Developing the next PSA Code of Practice

## Answers Document by EVINA



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## Introduction

We welcome the opportunity to participate in this consultation. Evina is active in more than 60 countries worldwide and works closely with eight mobile operators in Europe and Africa. We have developed a sound understanding of how market regulation can impact business growth and innovation. Furthermore, we understand how well-considered regulation can protect end-users and provide a business-oriented context to all players (MNO, L1, L2). We therefore look forward to sharing our international expertise and experience (see market figures in Annex A).

We strongly believe in this considered and measured approach to regulation and believe that it is only through thoughtful consultation that the best market-boosting decisions can be made.

Evina is a French start-up that provides a proven anti-fraud solution to all types of players in the DCB market (operators, L1, L2, regulators). Having access to the best information is central to our successful fraud-beating approach. Specifically, this means knowing what generates fraud (and therefore complaints), knowing which players are the most trustworthy, and knowing where the danger comes from. All of this information enables decision-making to be adapted for the best results. Evina has a team of 10 full-time engineers working on a daily basis to reverse-engineer and understand how fraud originates. Our Customer Success Management team, in addition, has developed an excellent understanding of the challenges all players face in the DCB market and they furthermore understand how to create a safe and sustainable market.

Evina's experience with leading carrier partners in France and Belgium such as Bouygues Telecom, Orange and Proximus means we can confidently state that a significant number of fraud-based complaints can be eliminated while increasing business in a profitable way. All of this can be done while protecting customers and the market as a whole.

Our answers in this document are informed by the following three principles:

- Customers need to trust the payment solution and they can only do so if they are protected from fraud
- We believe in a data-oriented approach to define the most appropriate types of regulation
- Competition has to be maintained between DCB players and between the DCB market and other digital payment methods

## Answers

### Background

#### **Q1 Do you agree with our proposed overall approach to the review? Please provide an explanation as to why you agree or disagree.**

We strongly agree that *effective regulation to support a fair marketplace cannot be static. As the market develops and the expectations of consumers change, so must regulation.*

We fully understand this dynamic vision as fraud is always evolving. This is demonstrated by the fact that Evina performs one major update a week to keep pace with market developments and with regards to the fraudulent attacks market players are experiencing. As this review is conducted, we believe that protection of the consumer should be paramount.

Public trust and confidence in the sector is key to the further development of the mobile payment method. This is summarized by our mantra: “Security for Business Growth.”

#### **Q2 Is there anything else we should be considering?**

We believe that PSA should have access to real-time data and KPIs pre and post purchases that would strengthen PSA’s mandate to function as a positive oversight entity aimed at regulating the market effectively and as speedily as possible.

**Therefore, we believe data should be at the heart of your approach.** Streamlining decisions based on solid KPIs will allow the best possible decisions to be made.

We can help by providing a wide range of data and KPIs. For example, during the pre-purchase process we can analyze whether the purchase intention is legitimate or not. During the post-subscription process, by analysing the number of purchases per merchant, the traffic and the advertising source - and correlating this data to the number of complaints – we can determine whether purchases were fraudulent. We can centralise these complaints and other market data and make all of this available through an easily-accessible dashboard. This, in turn, would enable PSA to have an overall picture of all the players in the market and identify the crucial early signals indicating potential problems with a particular player.

You would also require direct control over end-customer journeys. We would be more than happy to help you on that score (see presentation in Annex B).

Understanding and monitoring are the keys to effectively managing this complex market in a fair, sustainable and secure way.

## Market context

### **Q3 Do you agree with our assessment of the market? If not, why not? Is there anything else you think we need to consider?**

We agree that PSMS will continue to migrate to new uses while online payment will continue to grow.

*More and more consumers are making purchases online using a range of purchasing methods, such as debit cards, credit cards and PayPal. We believe that in order for operator bill payment to grow, **the customer journey must be competitive**. If it's not, then customers will migrate to payment solutions which aren't protected by PSA. While Two factor authentication is generally the adopted norm for digital payments, it is mainly the case at registration and thereafter the path is then simplified to enable faster and more frequent use (e.g. Amazon, Google, Apple, Spotify).*

Large blue chip companies don't offer mobile payment yet because they are driven by the performance of the payment means (conversion rate, ARPU). We believe they will adopt the operator bill payment solution when:

- it converts as well as one-click CB / Paypal paths
- the customer value will be as high
- the method of payment is adopted by the general population: on this point, it is important that the solution be used by as many merchants as possible to democratise it

An important point is also the refund policy. For instance, Apple or Uber tell us that very simplified marketing policies and routes are possible if the refund policy for customers who file a claim is very fluid and clear. PSA could take on this role and set up a refund policy that would strengthen customer confidence in the mobile solution.

### **Q4 Do you have any evidence of the market to share with us that you think would support our assessment?**

*This information also suggests that we need to look to broader market trends and activities and seek to align the regulation of phone-payment with these. This will support a consistent experience for consumers, which will help build consumers' confidence and trust in the market*

Indeed, in France and Belgium, having a generalized, secured and smooth payment experience has largely eliminated the problems associated with purchase awareness. In these countries, protection against generalized fraud, coupled with daily collaboration between the different market players, ensures the market's sustainability.

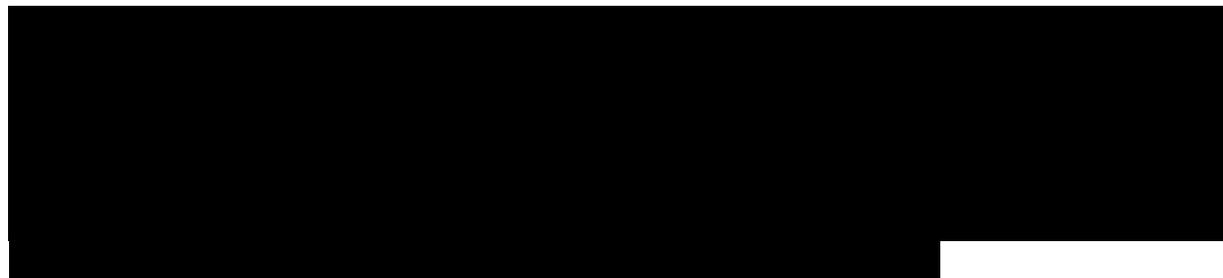
## Consumer expectations and experience

### Q5 Do you agree with our assessment, based on research, of consumer behaviours, experience and expectations?

Several points strongly stand out from the studies carried out:

1. The importance of protecting end-users against fraudulent subscriptions:

*Over the past few years, subscription services have caused the greatest number of issues for consumers of phone-paid services. As we previously reported, phone-paid subscription services accounted for 90% of our complaints in 2018/19. Consumers who contacted us to report an issue commonly reported that they did not sign up for the service.*



2. The importance of a good refund policy and effective customer care management:

*It can be difficult for a consumer to determine who to contact to receive a refund, or they can have difficulty accessing a refund once one has been agreed with a certain provider*

- consumers often report that they did not sign up to a service
- consumers complain following bill shock which follows instances where they have not regularly checked their phone bill
- consumers are unable to identify the service that has charged them from the information provided on their bill.

We believe that PSA must be able to reimburse clients quickly and independently. Work also needs to be done on identifying publishers and presenting customer service contacts on the operator customer areas and invoices. A better understanding and awareness of the customer's perspective will help to reduce impacts on reputation and customer care costs for all players.

3. The importance of PSA being able to track KPIs based on claim volume, subscription volume and revenues generated

*Over the past ten years, when consumers contacted us to report an issue, this was often due to market activity that followed some providers changing their content offerings over time.*

In order to best assess the true size of the claim volume, PSA must have quick and detailed access to publishers' sales and customer base statistics. As data should be at the heart of your concerns, we can help by providing valuable volume insights (see Annex D).

4. The customer's need for a simple and efficient path must be met to develop the use of the payment solution.

*Convenience was the main driver for use, followed by impulse purchasing and price.*

It is important to offer the customer (and merchants) an easy-to-use payment path. Buying awareness must be worked into pages and SMS messages, as it is currently the case. Apple and Google's app store success is due in large part to the easy purchasing experience.

## **Q6 Do you have any other evidence in this area that we need to consider?**

Our experience in France has shown that harmonisation between operators leads to better awareness of the mobile payment solution. Defining common rules helps all digital merchants (including large blue chip companies) to have a better understanding on how to approach the market. It also helps to regulate it in the fairest way possible.

We would welcome the opportunity to share with PSA the contact information of the different key players in the regulation ecosystem in France.

## **Likely future trends**

### **Q7 Do you agree with our assessment of what the future holds? Please provide an explanation as to why you agree or disagree.**

*We strongly agree with the fact that the market will become increasingly compliant and healthy as a result of our work to raise market standards and clearly articulate best practice expectations.*

This is what happened in France and Belgium thanks to the data available to operators. *Consumers will continue to engage with phone-paid services – driven by convenience, impulse purchasing and price. This will be especially true if the solution's ease-of-use is maintained and even reinforced.*

### **Q8 Are there any market developments which we have not factored into our assessment? How do you see these influencing the phone-paid services sector and associated regulatory challenges?**

While we agree that large blue-chip companies can do good by helping to democratize usage, we believe that smaller and local merchants should not be sidelined. It is important that the solution is identified as a universal payment method with a large number of services using it. It is also important that operators in the UK market allow local businesses to develop and

therefore the payment method should not depend only on large international groups with too much control. Striking the right balance of bargaining power is very important for everyone.

## Assessment framework

### Q9 Do you agree with our proposed assessment framework? Please provide an explanation as to why you agree or disagree

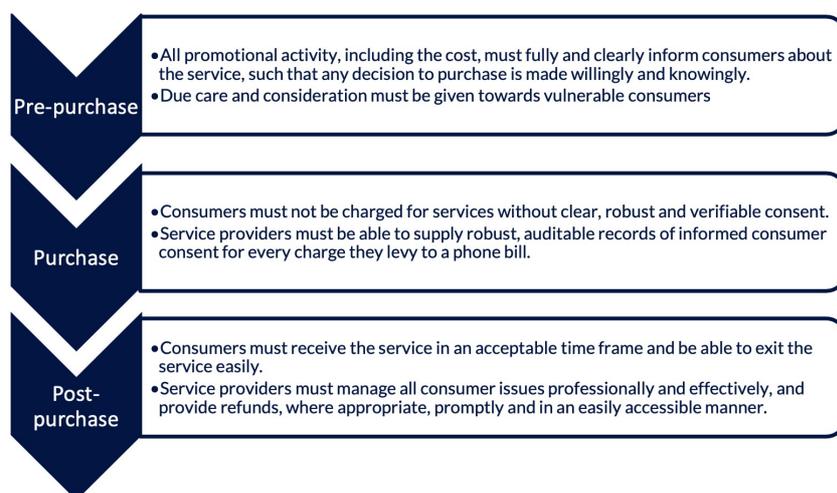
We are in full agreement with the principle of market regulation. We would like to reiterate here the importance of having the right data to monitor and make the right decisions. Evina can help on the "Purchase" part by providing information on the reality of the end-user's confirmation action and flow. This would avoid undue sanctions.

Care must also be taken not to completely paralyze the market with overly-rigid barriers to entry. A new player must have the means to engage with the ecosystem to boost innovation in the overall system. Only by innovating will Carrier Billing be able to differentiate itself from other digital payment methods and we think PSA has a role to play in this development. We understand that PSA is here to help and development the market and has to be seen this way. Regulation offers the market the opportunity to grow safely.

### Q10 Are there are factors we have not taken account which we should?

*Once service providers are active in the market, we would expect them to operate compliantly within the regulatory framework as they fulfill their role of providing phone-paid services. Here we would seek to ensure that there are sufficiently robust requirements in place which would cover all aspects of the end-to-end provision of services. This includes content, promotion, marketing and any technical matters such as the quality of the sound or picture. These requirements can be simplified by using the following broad three categories, as shown in Figure 10 below:*

Figure 10: Breakdown of operational requirements into three broad categories



We believe that an anti-fraud layer should be included in this framework, as there are fraudsters (mostly foreign, hidden behind advertising sub-agencies) present who seek to generate automated subscriptions. This is an extremely important consideration and it should feature front and centre in all regulatory discussions.

It is worth mentioning that we can put you in touch with the regulatory associations of the French and Dutch markets as it may be useful for PSA to tap into their considerable experience.

## Initial thinking

**Q11 Do you agree with our proposed initial thinking in terms of proposed changes to our regulatory strategy and approach? Please provide an explanation as to why you agree or disagree.**

PSA has developed the Code according to five overarching considerations:

- *Moving from broad outcomes to a regulatory approach based on raising market standards*
- *Moving to a model based on verification and supervision of organizations and services operating in the market*
- *Increased focus on prevention rather than cure*
- *Delivering broader consumer benefit and support*
- *Increasing the effectiveness of our investigatory and enforcement procedures*

We believe the increased focus on prevention is absolutely critical. This is why our anti-fraud solution is first and foremost designed to block fraud before the transaction has even taken place. The result is a win-win situation that sees improved user satisfaction and brand image.

We strongly recommend that mandatory use is made of an independent anti-fraud solution to protect the market. This will deliver much broader consumer support by taking into account the customer's need for protection as well as a quick and easy purchasing experience.

## Potential Code 15 options

**Q12 What are your views with regards to how we can best ensure that all firms operating in the phone-paid services sector will follow, and be held to, the same standard of professionalism?**

We believe that the implementation of clear standards - particularly in the handling of customer complaints - has a beneficial impact on the entire market. It also seems appropriate that companies wishing to enter the market should be subject to integrity checks. However,

it should be kept in mind that digital merchants are not responsible for all the misdeeds that occur in the market and are often themselves victims of fraudsters. The market must therefore guard against external attacks:

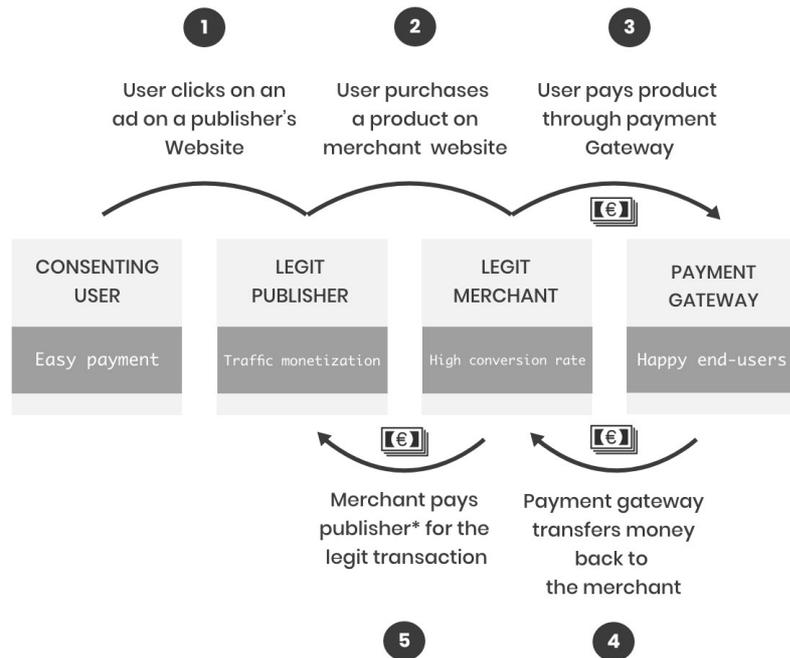
- By not opening the door to fraudulent players.
- By protecting itself against external attacks on the ecosystem. We are proud of the fact that Evina's mission is to ensure that all market players can focus on performance instead of trying to survive external attacks.

### **Q13 What are your views with regards to developing appropriate 'Pre-purchase standards'?**

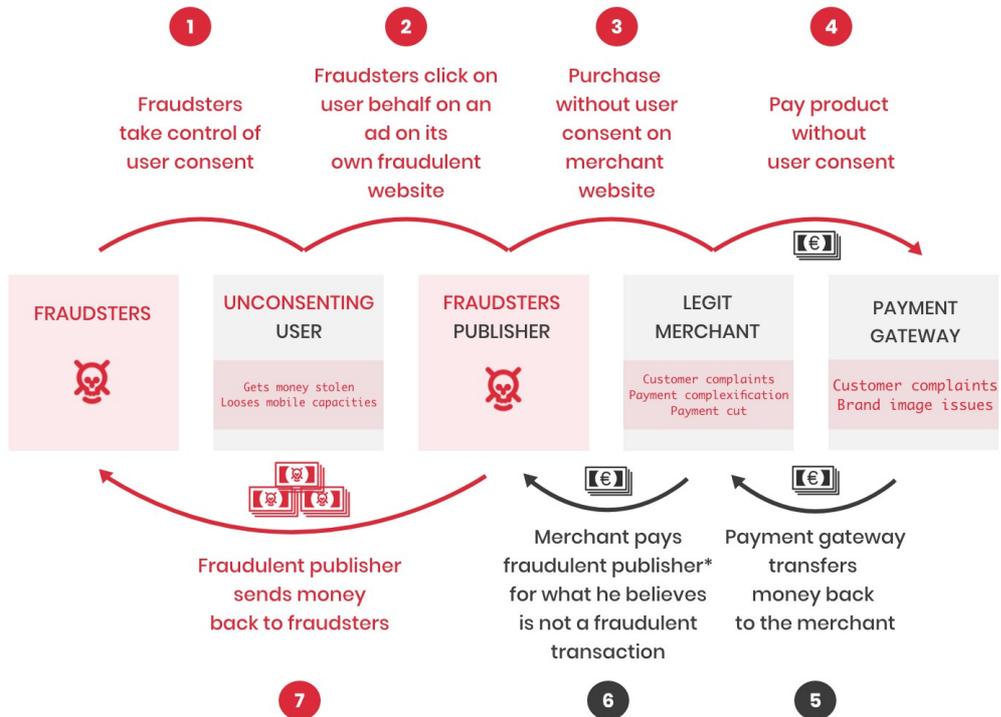
Regarding questions 13, 14 and 15, we believe that the customer journey must be thought of as a whole, from the first advertising contact to cancellation, taking into account all the compulsory or possible steps that the end customer will go through (offer presentation page, payment page, merchant / aggregator / operator customer service contact, refund, renewals...).

We believe that devolving responsibility levels to each player in the value chain is key to a safer market. Fraudsters attack on several levels and try to exploit any breach they can find:

**LEGIT TRANSACTION**



**FRAUDULENT TRANSACTION**



## **Q14 What are your views with regards to developing appropriate ‘Purchase standards?’**

Several points are worth considering at this stage:

- It should first and foremost be noted that some standards do currently exist (Google, Apple) and studying this existing framework should be prioritized.
- You rightly mentioned the possibility of retrieving customer journey information. Fortunately, we have developed a tool that can essentially replay a customer's entire purchase journey (Annex A) and provide a status with regards to any and all actions made during this journey. It is vital that a neutral player is available to help validate the authenticity or otherwise of any action during any customer's purchasing journey.
- Market players must accept that DCB has a certain reputation in the market and we must all work to improve this as it is also a key element in the purchasing journey.
- The implementation of payment path templates is definitely appropriate but we should avoid the absolute standardization that would be detrimental to free competition. In the French market, all the payment pages are managed by the operators and are identical. The offer presentation pages are managed by the merchants and aggregators and must comply with a strict design code which still leaves room for marketing creativity.
- A system with exemptions is always challenging to manage because it involves differences in treatment and therefore a certain bias with regards to competition.

## **Q15 What are your views with regards to developing appropriate ‘Post-purchase standards?’**

Of all available data, post-purchase information is the absolute key to better customer management. In this regard, Evina offers its partners many useful tools to better understand the path taken by end users. This enables responses to be adjusted when processing customer complaints. Cancellation and refund rules can subsequently be harmonized across the enterprise enabling complaints to be much better-handled, possibly even enhancing reputation.

When it comes to optimising the management of customer complaints across the entire market, there must be a global view of the information and data on complaints, cancellations and refunds must be presented together with information on acquisition volume, customer base size and turnover. It should be possible to compare all of this across market players.

## **Q16 What are your views with regards to how we might achieve better outcomes for consumers and uphold the reputation of the market through more effective deterrents by considering the range of sanctions available to us?**

In order to put the consumer first, it is crucial to take the most appropriate action as soon as possible. We can't overestimate the need for speed. PSA really needs to have the appropriate data in real time to be able to evaluate situations in the most effective way possible. In particular, information regarding merchant traffic and the type of attacks the market is suffering from are critical. In this regard, it is very helpful to all concerned to track claim rates and reimbursements before claim volumes explode and everyone suffers from the fallout. Sanction ranges should furthermore be explored in consultation with market authorities, particularly AIMM, to ensure they are in sync with the reality experienced by market players.

## **Other general Code considerations**

### **Q17 What are your views on our existing funding model? Does it remain an effective model? Or do you think alternative funding models may provide a more sustainable approach going forward?**

Unfortunately, Evina would prefer not to share an opinion on this topic. There are players better suited to providing clarity here.

### **Q18 Do you consider the current categories of defined providers capture all relevant providers involved in the provision of phone-paid services and appropriately spreads regulatory responsibility throughout the value chain? Please provide an explanation as to why you agree or disagree.**

While the definitions are perfectly clear, we feel the responsibilities still need to be clarified. The role of the L2s is obviously very important. This is because they carry the economic responsibility of the market (without financial balance, they cannot develop the turnover of the entire DCB market) while assuming the largest part of the risk.

Going forward, we believe that responsibilities should be more evenly-balanced, particularly in terms of:

- Reputation of the payment solution
- Good management of customer complaints
- Identification of problematic traffic sources

Finally, and bearing in mind the vast majority of the elements to be redefined in Code 15, the most important thing is to provide the market with the necessary tools to accurately assess the situation at all times. Again, data is key to determining whether everyone is living up to their responsibilities.

**Q19 Do you think the current regulatory framework remains fit for purpose?  
Please provide an explanation as to why you agree or disagree.**

On this issue, we respectfully suggest that the opinion of the L1s and L2s will be more appropriate than ours.

**Q20 Are there any areas of potential change proposed in this document which may have an impact which you believe should be considered? If so, please let us know, including any evidence you have as to the likely impact.**

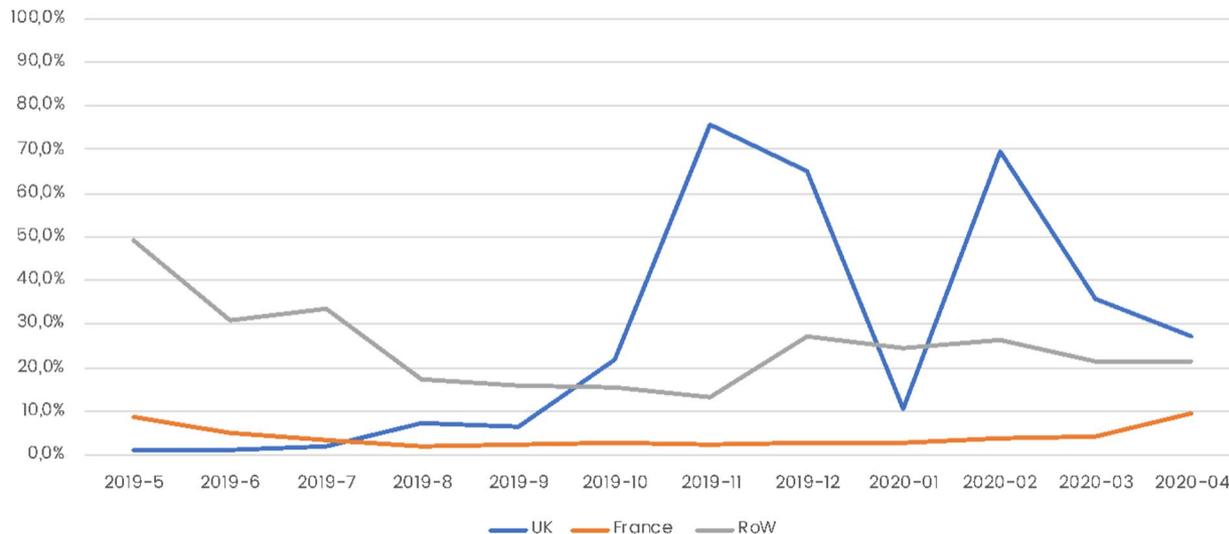
Evina believes that the move to a Code 15 regime, in particular, will have a profound impact on the market. However, for each of the proposed items it will be vital to properly define the monitoring metrics and data recovery methodologies to manage these impacts effectively. Once again, data is the key and should be at the heart of your approach.

Please note that we remain at your disposal with regards to any of the points raised above. We furthermore stand ready to help you get closer to international players who could provide additional information regarding the regulatory issues that arise in mature DCB markets.

Finally, we believe that the best way to get all players to follow the rules is by PSA positioning itself as a true market partner by emphasizing its sustainable, safe and fair approach to the market. It must at all times be emphasized that the envisaged Code is to help and not apportion blame.

Annex A  
Market Figures

Fraud attempt rate



**300000 fraudulent transactions blocked thanks to EVINA DCBprotect in 2020**

UK Market has known a real increase of fraud attempts since end of last year and is now above Rest of World average and way above the French market which is well protected.

EVINA DCBprotect provides real time data about these fraud attempts to give the ability to our partners to block transactions before they happen

Thanks to our technology, lots of complaints have been avoided

Annex B

# Consent-to-Charge Tool

### EVINA Eyewitness

**Dedicated tool using for the first time technology to record the user behavior on a payment flow.**



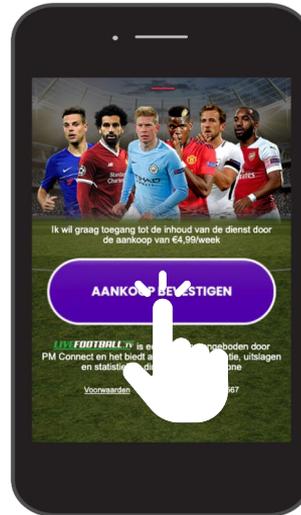
To allow merchants, operators and regulators to be sure of the legitimacy of a transaction without waste of time, effort or money.



To allow merchants to make their payment flow the most efficient while staying compliant.



To open new business opportunities for all.



Transaction confirmed

During the journey, all data about the page and the consumer behavior are recorded (images, wordings, css, scroll, clicks...)

Once the transaction is confirmed, all the data is stored and sent to Consent-to-Charge tool

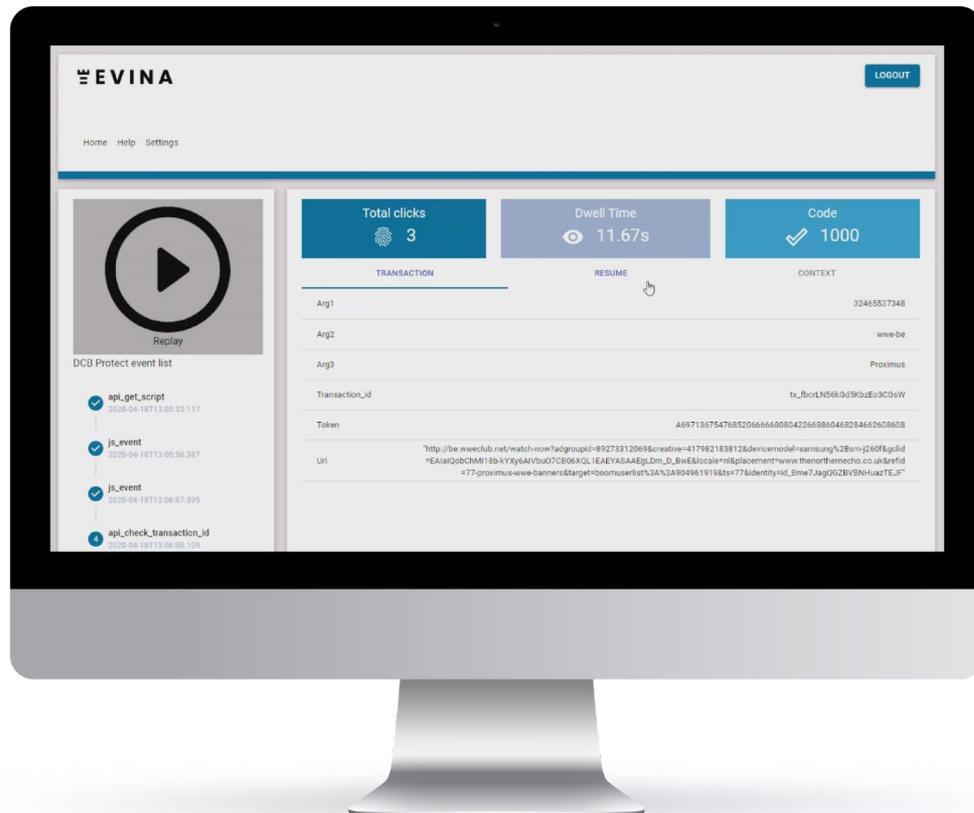
For each transaction, the journey will be replayed and following information will be displayed:

## Device & Browser

- Device height andwidth
- Page height andwidth
- User agent
- Customized parameters (defined by PM Connect)
- Page URL

## User behavior

- Dwell time
- Fraud type (from EVINA DCBprotect)
- Click location
- Amount of clicks
- Timestamps
- Events recorded (load, click)



Annex C

# Partners Testimonials



**Franck Semanne**  
**Head of DCB - Bouygues Telecom**

Faced with a strong increase in complaints and without being able to explain the cause with certainty, we had set up an OTP route and were considering stopping the invoice payment solution. The use of Evina DCBprotect allowed us to restore the click-flow thanks to a control of fraud and therefore a decrease in the volume of complaints. This collaboration has saved the VAS market at Bouygues Telecom.



**Bert Maetens**  
**Head of DCB - Proximus**

Following a period of crisis (increase in fraud rate and complaint rate), the market was put on hold. We decided to ask merchants who wanted to benefit from click flow to adopt an anti-fraud solution. Six merchants now use EVINA DCBprotect and after 9 months of use, the subscription volume keeps increasing and the complaint rate remains below 1%. In addition to these results, EVINA supports us and provides the traffic information necessary for the proper management of the market.

## What our partners tell about us



**Benoit Torlotin**  
**Deputy General Manager, Bouygues Telecom**

After several months of project with Evina, Bouygues Telecom had the opportunity to experience the quality of its EVINA DCBprotect product and its customers support.



**Brigitte De Ducla**  
**Orange France**

We have successful results with Evina; in addition to providing us with premium protection on our carrier billing, they also help us create a safer customer journey, therefore preserving the global experience of our clients.

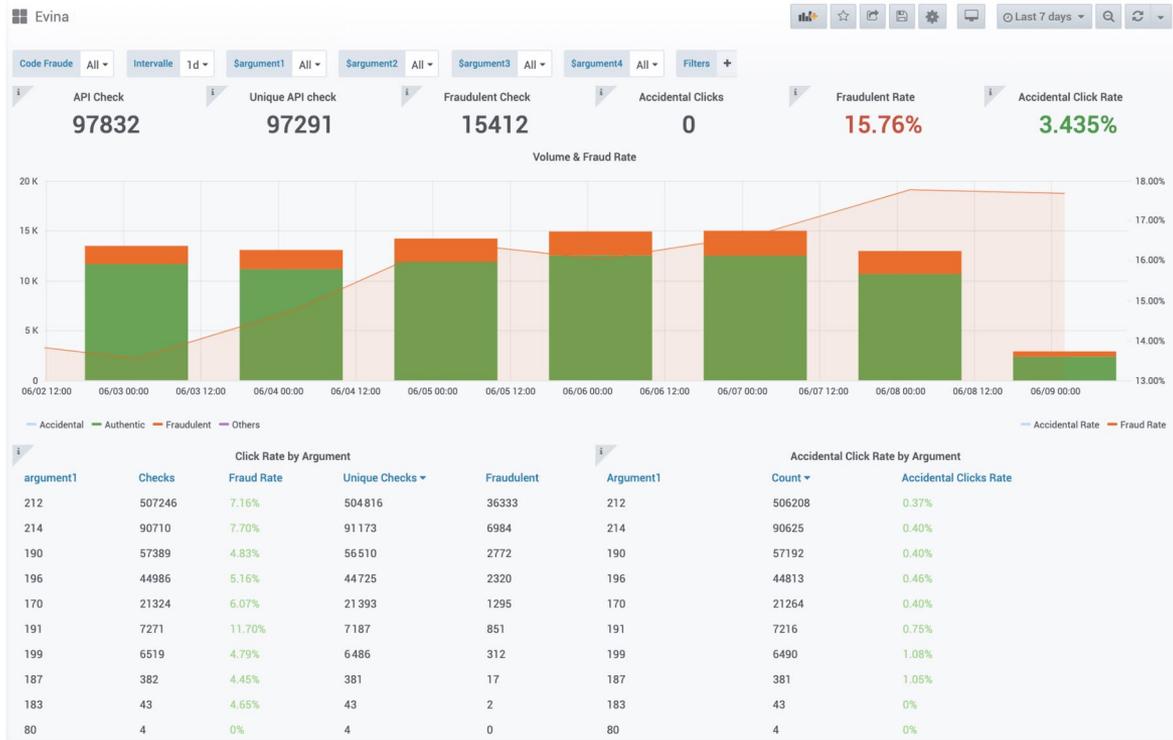


**Frank Van Rotterdam**  
**Regulator for Mobile Payments in the Netherlands**

Evina has proven to be very effective in fraud prevention. Evina helped the market to get cleaner by detecting fraud and making us able to detect fraudster in the incoming traffic. Fraudsters lost their revenue and started to leave the market.

Annex D

# Dashboard



EVINA delivers a **rich set of dashboards** to help you:

- **Identify** which incoming traffic is fraudulent
- Match **complaints** with subscription status
- Take **targeted actions** to reduce the fraud rate (flow modification on specific services, traffic pause)
- Reward **those merchants with low complaint rates**

SECURITY FOR BUSINESS GROWTH

 **EVINA**

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