

**NOTES OF THE ILP MEETING NO. 54th HELD ON
TUESDAY 21 FEBRUARY 2017
10.00am-12.45pm**

The Phone-paid Services Authority Offices, 40 Bank Street, London, E14 5NR

ILP Members

Ann Cook – ITV (Chair)
Andrew Ailwood – BBC
Michael Barford - 118118
Holly Fairweather – Channel 4
Robert Franks – Telefonica
Cathy Gerosa – FCS
Suzanne Gillies – Action4
Rickard Granberg – UKCTA
Anne Hoitink – EE
Phil Jones - Ofcom
Justin Kempley – Three
Rory Maguire – AIME (joined from item 4)
Ian Smith - TUFF
Jeremy Stafford Smith – Vodafone
Mark Stannard – Boku
Mike Steel – BT Agilemedia
David Stephens – Vodafone
Rob Weisz – Fonix

Presenters

Shane Scott – Ofcom
Markham Sivak - Ofcom

Phone-paid Services Authority

David Edmonds (PSA Chairman)
Joanne Prowse (Chief Executive)
Peter Barker
Jonathan Levack
Alex Littlemore
Ayo Omideyi
Simon Towler
Stephanie Ratcliffe (minutes)

Apologies

Gavin Daykin – Ofcom
Eric Feltin – Safari Mobile
Julia Freeman – AIME
Kat Heath – Comic Relief
Hamish MacLeod – Mobile UK
Steve Ricketts – PSA Board
Miranda Smith – Mobile EcoSystem Forum

1.0 WELCOME, INTRODUCTIONS

Ann Cook welcomed attendees and introduced new members - Ian Smith, David Stephens, Michael Barford and Mark Stannard - to the meeting. Apologies were noted.

2.0 REVIEW ACTIONS

a) Minutes and Matters arising from the minutes of the ILP meeting held on 18th October 2016.

Minutes

The ILP approved the minutes as an accurate record of the meeting.

Matters Arising/Actions

The ILP noted outstanding actions, where not closed or addressed on the agenda, as follows:

- 51.3:
 - Pre/post charity marketing - AIME's consultation on guidance has been provided to PSA.
 - 70 Code ranges - Rob Weisz and PSA will discuss offline additional ways to improve clarification of processes with L1 providers.
(Action: Rob Weisz and PSA offline)
- 52.6: Mark Collins will provide an update on Project Horizon at the next meeting, following the Mobile World Congress event.
(Action: Mark Collins)
- 52.7b: KPIs and Complaints Data:
 - Jeremy Stafford Smith confirmed that individual service KPI data was being used by merchants to identify issues as they arise.
 - PSA will consider matters, including ways to measure consumer satisfaction, under item 4, Outcome Measures.

b) Minutes and Matters arising from the minutes of the ILP Budget meeting held on 6th December 2016.

Minutes

The ILP approved the minutes as an accurate record of the meeting.

Matters Arising/Actions

The ILP noted outstanding actions were either closed or addressed on the agenda.

3.0 PRESENTATIONS: Simplifying NGCS – review of the impact of changes

Shane Scott and Markham Sivak gave a presentation on the impact of changes since Ofcom's review on simplifying non-geographical call services, which came into force in July 2015. They reported:

- Consumers have a very low understanding of access and service charges. Many NGCS numbers could be included as part of call packages, which in turn may reduce the impact of access and service charges on consumer bills.
- Usage of 03 and 080 numbers has increased by 33%, and since neither are subject to access/service charges, further indicates improvements in consumer understanding.
- Research also shows consumers are beginning to find it easier to understand who they are paying and how much.
- A 30.5% decline in use of service charge numbers and 70% decline in use of 084/087/09 and 118 numbers, and concluded that this corresponded with revenue decline.

The ILP discussed the impact of the above changes and recommended the following:

- Consider the likely impact and effect PSD2 will have on DQ services.
- Ensure Ofcom and industry work together to; improve consumer awareness; focus more on transparency; produce a more simplified solution for access/ service charge processes.
- Provide more detail on the market research undertaken, to gain a better understanding of consumer ‘misconceptions.’
- Use of PSA outpayments data to reconcile conclusions about revenue decline.

In order to further refine the recent changes, Ofcom are intending to plan a further consultation, which will enable industry to provide feedback. However for now, it remains for industry to initiate improvements, where necessary.

Ann Cook thanked Shane Scott and Markam Sivak for their presentation.

4.0 PHONE-PAID SERVICES AUTHORITY UPDATE

4.1 Highlights since the ILP meeting held on 18th October 2016

The ILP noted the update on recent developments as follows:

- a. *Rebrand* - the company name change has now been successfully implemented.
- b. *Regulatory Framework and new Special Conditions* - statements on our regulatory framework and revised Special Conditions for certain services (online competition and adult) were published on 30th November. Following feedback received from the consultation, a revised set of Special Conditions came into force on 4th January. Further work is planned around technical issues, such as Method of Exit and a workshop is taking place on 23rd February.
- c. *Budget and business plan 2017/18* - proposals were presented to the ILP on 6th December and the consultation closed on 27th January. Two responses from the consultation were received; from AIME and Mobile UK. The proposed budget represents a 5% saving in real terms over 2016/17 and a 24% reduction in levy. A statement confirming the levy and registration scheme fee will be published late March, subject to Ofcom’s formal approval in early March 2017.
- d. *Research* – two major projects are underway, namely:
 - *Consumer experience of complaint handling*. An update will be presented to the ILP in May, with a report expected in April.
 - *The AMR*. An update will be presented to the ILP in July and its publication expected soon after. The Executive encouraged members to provide input.
- e. *PSD2* – A PSA-facilitated workshop with the FCA on 2nd February was well attended and key issues addressed included the implementation of the 300 Euro limit and applicability of the telecoms exemption throughout the value chain. The closing date for consultation responses is 16th March 2017.

- f. *Stakeholder survey* - the survey intends to give PSA an objective, independent benchmark of perceptions and inform the PSA's future thinking, policies and procedures. There will be quantitative and qualitative elements – the latter being interviews conducted by an independent consultant. Members are encouraged to participate. Completion of the survey is anticipated around May time.
- g. *Enforcement developments* including a review of:
 - the sanctions processes and the effective application of sanctions to deter poor practice. Robert Franks recommended the FCA Regulatory Regime as a helpful source of information.
 - Code 14, its implementation and effectiveness of operational functions and objectives. The PSA will update on findings at the ILP meeting in July.
- h. *Non-Executive Directors changes*:
 - Peter Hinchliffe, the Deputy Chair, completed his term at the end of 2016. The role of deputy chair will not be replaced, thereby providing further cost savings.
 - Ruth Sawtell was appointed Senior Independent Director on 1st January 2017.
 - Meg Munn joined the PSA Board on 1st January 2017.

4.2 Outcome Measures Discussion

This paper aims to stimulate discussion on how the ILP might collectively measure its effectiveness in helping the PSA achieve its vision. The ILP are asked to consider and review the proposed high-level outcomes and how these might collectively be identified and measured.

The ILP discussed ways to improve outcome measures and recommended industry:

- provide the PSA with additional data from audit houses, where possible;
- identify ways to share and measure customer satisfaction with the PSA;
- revisit, collectively with the PSA, the AMR's categorisations to ensure improved understanding and consistency exists across all sectors and take forward into 2018.

The Executive asked the ILP to feed back to the Executive, by 14 April, and to consider:

- the outcomes the ILP should be trying to achieve;
- how to contribute towards measuring these outcomes;
- barriers to good measurement and whether these can be overcome.

(Action: ILP Members)

An analysis on findings will be presented to the ILP in May.

(Action: P Barker)

5.0 ILP UPDATE

A broadcasting update was provided:

- Channel 4 – Holly Fairweather advised Channel 4 has moved away from premium rate market competitions and voting and now only handles PSMS donations. Channel 4 runs one premium rate service on a charity short code for Stand Up To Cancer.
- BBC – Andrew Ailwood advised online voting continues to grow rapidly alongside regular voting.
- ITV – Ann Cook explained voting has undergone considerable changes over the past five years with the introduction of free in-app voting, which attracts wide audiences and has meant that paid-for voting has declined considerably. With regards to competitions, a great deal of effort is spent on researching consumers spend and bringing winners 'to air' always makes a positive impact. Charity donations and SMS represent a smaller part of the

business.

The ILP noted the importance of charity donations being embedded into programmes, and that consistent access charges across networks would make messaging to consumers much clearer.

6.0 MARKET ISSUES

6.1 Complaints Data

The ILP noted the complaints data presented for the period Sep 2014 to Jan 2017 covering:

- an analysis of total complaints by payment type;
- an overview of 'total' and 'assessed' complaints, with further analysis of online competition and adult services;
- a breakdown of total assessed complaints by all AMR service types;
- assessed complaints per '100,000 users per quarter Q1-Q3 2016/17' and per 'estimated £m revenue Q1-Q3 2016/17'.

In summary, the Executive concluded:

- the suite of data provided further evidence for the need to develop Special Conditions for online competition and adult services;
- a longer timeframe would be required before any firm conclusions could be drawn, but early indications show that complaints about online competitions and adult services are falling;
- rising complaints in music/video services and games would be closely monitored and acted upon.

The ILP welcomed the insightful graphs and made the following recommendations:

- include a complaints data analysis, as a standing item on the agenda, going forward;
- consider, if appropriate and practical, providing a front-page summary of the data presented;
- circulate the data analysis, along with the minutes of the meeting.

(Action: P Barker)

The ILP offered to contribute to the analysis, where possible. David Stephens offered to provide a breakdown of data on out payments by category.

(Action: D Stephens/ILP Members)

6.2 Market Issues

A report on issues was tabled and particular attention given to the red statuses of several market issues, namely 'out of hours promotions and 'I-framing malware'. The Executive confirmed these issues are being closely monitored and consideration will also be given to 'user' malware.

An update will be provided at the next meeting.

7.0 Action Summary & AoB

- Topics planned for the next ILP meeting on 23 May 2017 include:
 - Level 1 Provider Overview by Rob Weisz;

- Research on Consumer Complaints Handling by Futuresight (Jonathan Levack to arrange).
- Forthcoming events:
 - The PSA Industry Forum 10 May 2017, ILP members will be registered automatically.

End of Minutes

ILP meeting at Phone-paid Services Authority Offices, 25th Floor, 40 Bank Street, E14 5NR

- Tuesday 23 May: 10am to 12.30pm (followed by a networking lunch at 12.30-1.00pm)
- Tuesday 11 July: 10am to 12. 30pm (followed by a networking lunch at 12.30-1.00pm)