

**NOTES OF THE ILP MEETING NO. 55th HELD ON
TUESDAY 23rd MAY 2017
10.00am-12.30pm**

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

ILP Members

Ann Cook – ITV (Chair)
Andrew Ailwood – BBC
Danny Barclay – Telefonica
Michael Barford - 118118
Holly Fairweather – Channel 4
Eric Feltin – Safari Mobile
Rickard Granberg – UKCTA
Kat Heath – Comic Relief
Anne Hoitink – EE
Phil Jones - Ofcom
Justin Kempley – Three
Hamish MacLeod – Mobile UK
Rory Maguire – AIME
Steve Ricketts – PSA Board
Ian Smith - TUFF
Jeremy Stafford Smith – Vodafone
Mark Stannard – Boku
Mike Steel – BT Agilemedia
David Stephens – Vodafone
Rob Weisz – Fonix

Phone-paid Services Authority

David Edmonds (PSA Chairman)
Meg Munn – PSA Board
Joanne Prowse (Chief Executive)
Peter Barker
Jonathan Levack
Ayo Omideyi
Simon Towler
Stephanie Ratcliffe (minutes)

Apologies

Julia Freeman – AIME
Cathy Gerosa – FCS
Suzanne Gillies – Action4

1.0 WELCOME, INTRODUCTIONS

Ann Cook welcomed attendees and introduced Danny Barclay from Telefonica, who replaces Robert Franks, and Meg Munn, who is attending as an observer from the PSA Board, to the meeting. Apologies were noted.

2.0 REVIEW ACTIONS

a) Minutes and Matters arising from the minutes of the ILP meeting held on 21st February 2017.

Minutes and Matters Arising

The ILP approved the revised wording, under point 3 of the NGCS review update, as recommended by Cathy Gerosa - *“Consumers have a very low understanding of access and services charges. Many NGCS numbers could be included as part of call packages, which in turn has reduced the impact of access and service charges on consumer bills.”*

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

Actions

The ILP noted outstanding actions, where not closed, were addressed on the agenda.

3.0 PRESENTATION: TUFF (Telecommunications UK Fraud Forum) Overview

Ian Smith, CEO of TUFF, gave a presentation on the work and scope of TUFF. Ian explained how TUFF operates as a facilitator and advisor for a wide range of organisations in identifying fraudulent activity. TUFF's work has overlaps with activity under PSA's regulatory remit and is wide ranging - one issue of current focus is identifying solutions on Artificially Inflated Traffic.

The ILP noted the overview and agreed information sharing was important in preventing fraud. The ILP agreed to help encourage industry in ensuring networks report to TUFF on non-compliant or unusual activity.

(Action: ILP Members)

Ann Cook thanked Ian Smith for the interesting overview of TUFF.

4.0 PHONE-PAID SERVICES AUTHORITY UPDATE

4.1 Highlights since the ILP meeting held on 21st February 2017

The ILP noted the update on recent developments as follows:

- a. *Complaint levels* - remain low and decline may be contributed to Project Slimline and the introduction of Special Conditions on certain services. PSA will continue to monitor levels and ensure the ILP is kept informed of further developments, as part of the regular update.
- b. *Market growth* - is mainly visible within operator billing. The Annual Market Review, due for publication in July, will provide further analysis on market developments, whilst PSA continue to liaise with networks on market information sharing.
- c. *The Code Adjudication Panel* - a recent ICSS case heard by the Tribunal was noted which was

- of significance due to the breach of Special Conditions in addition to other Code breaches.
- d. *Business plan and budget 17/18* - published in March, identified real term savings of 5%, with the levy reduced by 31% to 0.44%. The intention is to hold the levy required from funders to the same level over the next 4 years, thereby providing greater levy certainty.
 - e. *Industry forum* - held on 10th May was well attended and positive feedback received. A wide range of relevant and interesting topics was covered. Jo Prowse thanked the industry for their continued support.
 - f. *Consumer research projects* – two major projects underway include the AMR, with publication expected in July and FutureSight consumer experience of complaint handling, with publication expected in late June. Initial findings indicate complaints amongst phone paid services are relatively high, in relation to other sectors such as TV and radio services. PSA will continue to work with industry and provide an update at the next ILP meeting.
(Action: J Levack)
 - g. *Stakeholder survey* – results were positive, with industry welcoming PSA’s improved openness, collaboration, clarity and transparency. Areas for improvement, such as speed of response and longer-term strategic vision, will be addressed at Board level. A report on findings will be available late July.
 - h. *PSD2* – HM Treasury’s consultation on draft regulations closed on 16th March and the FCA’s consultation on changes to its guidance closes in June. Key issues remain the transaction and monthly payment limits and the application of the electronic communications network (ECN) exemption. A response on the consultation is likely late June/July, with implementation planned by January 2018. Discussions are underway with HM Treasury and Ofcom concerning the likely effects and potential disruption to the market. The ILP agreed that a discussion should take place, which will align industry views in advance of the FCA roundtable to be held on 26th May and achieve a greater understanding of associated risks.
(Action: Rory Maguire/R Weisz/ H Macleod)
 - i. *Method of Exit Update* – the implementation of an industry driven ‘universal’ help command is expected in July, which aims to improve consumer experience and enable an easier access to ‘method of exit’ of services. Paramount to its success, aggregators will be asked to participate and aid in its promotion. Jeremy Stafford Smith offered to follow up promotion trails with ITN News and Watchdog.
(Action: J Stafford Smith)
 - j. *Project Horizon* – this item was postponed due to time constraints and the update will be included at the next meeting in July instead.
(Action: M Collins)
 - k. *Enforcement* – the consultation on the sanctions regime closed on 18th May. A final statement, incorporating feedback on the two responses received, is expected late June and the revised Supporting Procedures to be in force thereafter.
 - l. *Policy* - focus for the next period will include: consumer research; joint working with Ofcom on 118 and 070 services; project work with industry on ‘consent to charge’ and ‘method of exit.’

5.0 ILP UPDATE

Level 1 Provider Overview

Rob Weisz, CEO of Fonix, gave an overview of Level 1 provider developments since November 2016 and following a decline of 40% in PSMS. Despite growth in carrier billing, Level 1 providers are experiencing significant challenges, in particular the impacts are increasingly visible for smaller

businesses. Some of the challenges faced include dealing with bigger brands, as these tend to look at issues from a 'global' perspective, thereby taking longer to achieve outcomes.

Mark Stannard stressed for KPIs to focus more on 'customer quality', whilst maintaining greater flexibility amongst merchants. Jeremy Stafford Smith advised how the security research project on payment protection and 'consent to charge' intends to help with the current concerns.

6.0 ILP Outcome Measures Discussion

In response to previous discussions at the ILP meeting in February and PSA's request for industry to provide feedback on outcome measures for the ILP, one response was received, from Eric Feltin.

Due to time constraints, the Chair recommended processing this item through a subgroup of industry representatives across the value chain.

The Chair asked for volunteers, but also noted that PSA would make invitations following the meeting.

(Action : J Prowse/A Cook)

7.0 MARKET ISSUES

Complaints Data Analysis

The ILP noted the complaints data presented for the period November 2014 to April 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;
- 2016/17 assessed complaints per '100,000 users per quarter' and per estimated £m revenue.

The ILP welcomed the continuing transparency of information, and asked for consideration to be given to developing the information further to include mapping outpayments data to complaints, and to provide greater clarity in changes in assessed complaints for different AMR service types.

(Action: P Barker)

Market Issues Report

A report on issues was tabled and noted by the ILP. An update on trends will continue to be provided at each meeting.

8.0 Action Summary & AoB

- Topics planned for the next ILP meeting on 11th July 2017 include:
 - Annual Market Review by N Lane, MobileSquared
 - Consumer Survey Research by C Calugar-Pop, Deloitte

End of Minutes

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

- Tuesday 11th July: 10am to 12. 30pm (followed by a networking lunch at 12.30-1.00pm)
- Tuesday 10th October: 10am to 12. 30pm (followed by a networking lunch at 12.30-1.00pm)
- Tuesday 12th December Budget Meeting only: 10am to 11.30am