

**NOTES OF THE ILP MEETING NO. 57th HELD ON
TUESDAY 10th OCTOBER 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
Jennie Avery – EE
Danny Barclay – Telefonica
Michael Barford – The Number UK
Holly Fairweather – Channel 4
Eric Feltin – Safari Mobile
Julia Freeman – aimm
Peter Garside – EE
Suzanne Gillies – Action4
Rickard Granberg – UKCTA
Neil Johnson – aimm
Phil Jones – Ofcom
Nitin Khattar – The Number UK
Hamish MacLeod - MobileUK
Steve Ricketts – PSA Board
Ladi Sanusi - Three
Jeremy Stafford Smith – Vodafone
Mark Stannard – Boku
Mike Steel – BT Agilemedia
David Stephens – Vodafone

External Speaker

Kevin Brown – PSA Board

Phone-paid Services Authority

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

Apologies

Justin Kempley – Three
Rory Maguire – aimm
Rob Weisz – Fonix

1.0 WELCOME, INTRODUCTIONS

Ann Cook welcomed attendees and introduced new members, Jennie Avery, Peter Garside, Neil Johnson and Ladi Sanusi, to the meeting. Apologies were noted.

2.0 REVIEW ACTIONS

a) Minutes and Matters arising from the minutes of the ILP meeting held on 11th July 2017

Minutes and Matters Arising

The ILP approved the minutes from the ILP meeting held on 11th July, as an accurate record of that meeting.

Actions

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

- 56.5c: an update on Project Horizon will be presented to the ILP in February 2018;
(Action: M Collins)
- 56.5g: an industry workshop on 'Insights into PSA regulation: investigations and enforcement' will be held on 29th November;
- 56.5h: a publication date for Ofcom's consultation on 118 and 070 services has not yet been confirmed.

(Action: P Jones)

3.0 PRESENTATION: Payment Mechanisms and Consumer Confidence

Kevin Brown provided an overview of payment mechanisms within the banking sector, illustrating background, history and subsequent market growth.

The ILP noted that with new emerging technologies and increased competition, the challenge on banks is streamlining payment processes and a continued focus on high-level consumer expectations. In developing consumer confidence, payment mechanisms need to focus on consumer protection and redress, security, certainty and be frictionless, real-time, low cost and available 24/7, 365 days a year. Consumer confidence, corporate and Government expectations are key to driving innovation and competition.

The key learnings for industry were noted as convenience, certainty and reporting: improving consumer protection and refund mechanisms, quicker and more effective reporting of transactions, and consistency and standardisation to improve consumer confidence and building on opportunities, such as ticketing.

Ann Cook thanked Kevin for the thought-provoking presentation.

4.0 FOCUS ON TOPICS:

4.1 Society Lotteries

Julia Freeman gave an overview of the launch of 72xxx series of short codes for society lotteries. The product represents great opportunities for industry with potential for market growth (market value in 2015/16 was £530m). The ILP noted the importance of recognizing society lotteries as a Gambling Commission regulated product, rather than a donation facility. As defined under the Gambling Commission rules, all society lotteries are run by External Lottery Managers (ELMs).

The recent launch, hosted by aimm on 22nd September, was well received. Speakers presented from a wide range of market sectors, such as charities, ELMs and MNOs.

Discussions are now underway with the Gambling Commission to ensure the Gambling Act 2005 requirements are met and to determine how the product falls within phone-paid services regulation; whether it could be affected by PSA's Special Conditions around recurring donations, remote gambling and price subscriptions limits, and how it can operate effectively within the different ELM models. Guidance will be necessary to facilitate the launch of society lotteries and aimm expect to report on progress by year-end.

(Action: R Maguire/J Freeman)

Ann Cook thanked Julia for the update.

4.2 Ofcom's Review of the General Conditions of Entitlement

Phil Jones provided an overview of Ofcom's General Conditions (GC) on the rules all communication providers must adhere to, in order to operate in the UK, which comes into force on 1st October 2018.

The main requirements focus on information transparency, customer complaint handling and redress. A link to the relevant information, Annex 14 of the General Conditions, will be circulated to the ILP in order to provide further clarity in setting out what information must be available to consumers about controlled PRS.

(Action: P Jones)

PSA's Executive will consider the Review of the General Conditions of Entitlement as a topic for the industry forum in May 2018.

(Action: S Towler)

5.0 PHONE-PAID SERVICES AUTHORITY UPDATE

5.1 Highlights since the ILP meeting held on 11th July 2017

The ILP noted the update on recent developments as follows:

- a. *Complaint levels* - remain lower in comparison with 2016 levels;
- b. *Market growth* - is in line with the annual market review forecast and stable with 2017/18 Q1 outpayment figures being broadly level with those reported at 2016/17 Q4.
- c. *Pilot of L1-managed registration exemption for L2s* - commenced on 4th September, the initial period will run for 6 months. The ILP was invited to raise awareness with Level 1 providers wishing to take advantage of the exemption, as far as they meet the requirements.
- d. *Whistleblowing policy* - the new process for industry member and employees to report on wrongdoing in the phone-paid industry, is available on PSA's website. The ILP was invited to raise awareness of the policy with industry.
- e. *Research* - findings from the research project, conducted by Nottingham University, on consumer experience of Information Connection and Signposting Services (ICSS), are expected soon. The Annual Market Review (AMR) sector categories are under review to

ensure these most accurately reflect the current market. Nick Lane will be liaising with industry during this review.

- f. *Policy* - current projects include 'method of exit', 'consent to charge' and work with Ofcom on 118 and 070 services. Other policy projects include refund accessibility and effectiveness of the refund sanction, and PSA's website overhaul.
- g. *Events* - the main theme for PSA's industry forum, taking place on 9th November, will be 'a healthy and innovative market.' All ILP members are automatically registered for the event. A workshop on 'Insights into PSA regulation: investigations and enforcement' will be held on 29th November and industry are warmly invited to attend.

6.0 Net Promoter Scores (ILP Outcome Measures Topic)

Ann Cook advised, that following a recent outcome measures meeting, the sub group collectively agreed to propose a single focus on developing and improving Net Promoter Scores (NPS), across market sectors.

The ILP agreed to this proposal, and that for the next few ILP meetings to consider:

- Building a collective understanding of NPS and its value to phone-paid services;
- Identifying relevant benchmarks from other market areas;
- Developing agreed ways to individually and collectively take action to improve NPS, both for individual service types and phone-paid services as a whole.

(Action: ILP Members/PSA)

The ILP endorsed the Chair's recommendation to invite an expert on NPS to present to the ILP in February 2018 to increase understanding and help drive outcomes forward. David Stephens offered to enquire about a presenter within this field of expertise at Vodafone.

(Action: D Stephens)

7.0 ILP UPDATE

PSD2 progress update

Hamish MacLeod gave a detailed overview of PSD2 implications and confirmed the UK implementation date is 13th January 2018. The FCA recently published its policy statement and confirmed the transaction limits in the electronic communications networks exemption (ECN) and set limits in GBP. The exemption has also been cascaded down the value chain to include intermediaries.

There are still industry concerns around the application of the ECN which need further clarification. These include:

- the complex billing system, including number ranges on third party services which operate outside PSA regulation;
- payment services, where a network may be "acting as a principal." – i.e. providing the service direct to customers and not therefore providing a payment service at all. Clarification is required to identify the differences between ECNs providing products "as a principal" and those providing a payment transaction;
- the definition of "subscriber" and application of transaction limits;
- aspects of the FCA's annual audit report requirements on industry, such as cost assumptions and risk mitigation. The ILP noted that Germany may allow an approach, which

takes account of an averaged amount of spend by consumers for networks, within regulatory limits.

Hamish MacLeod advised discussions remain ongoing with the FCA to ensure issues and impacts on operators and providers, are highlighted. aimm are coordinating 'crowd funding' for legal advice and hope to provide advice on ECNs providing products as 'principal' and where a third party benefits. aimm invited any industry member interested to contribute.

A progress update will be provided at the ILP meeting in February 2018.

(H MacLeod/R Maguire)

8.0 MARKET ISSUES

8.1 Complaints Data Analysis

The ILP noted the complaints data presented for the period September 2015 to August 2017 covering:

- an analysis of total complaints by payment type. The ILP noted that further work is underway to accurately reflect the split between PSMS and operator billing;
- an overview of 'total' and 'assessed' complaints;
- a breakdown of total assessed complaints by all AMR service types, with internet based information services showing the highest level of complaints by service type;
- 2017/18 Q1 assessed complaints per '100,000 users per quarter' and per estimated £m revenue.

The Executive agreed to consider and consult on the feasibility of including total complaints data against each mobile network operator.

(Action: P Barker)

8.2 Market Issues Report

A report on issues, dated October 2017, was tabled. An update on trends will continue to be provided at each meeting.

9.0 Action Summary & AoB

9.1 Topics for the next ILP meetings:

- a) 12th December 2017: Business Plan Meeting.
- b) 27th February 2018: ILP Meeting Focus on Topic: 'Net Promoter Scores.'

End of Minutes

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

- Tuesday 12th December Business Plan Meeting only: 10am to 11.30am
- Tuesday 13th March 2018: 10am to 12.30pm (followed by a networking lunch at 12.30 to 1pm)
- Tuesday 22nd May 2018: 10am to 12.30pm (followed by a networking lunch at 12.30pm to 1pm)

- Tuesday 10th July 2018: 10am to 12.30pm (followed by a networking lunch at 12.30pm to 1pm)
- Tuesday 9th October 2018: 10am to 12.30pm (followed by a networking lunch at 12.30pm to 1pm)
- Tuesday 11th December 2018 Business Plan Meeting only: 10am to 11.30am