

## List of PP+ Consultation Questions ref. Business Plan & Budget 2014/15

**Q1: As we commence the review of our next three year plan, do you have any comments or suggestions about the strategic priorities that PhonepayPlus should focus on over the next three years?**

We acknowledge the PPP's values and recognise their end goal of ensuring consumers can use PRS with confidence, however as part of achieving this Mobjizz feels it is important to highlight the need for PPPs constant and on-going engagement with the Industry.

2013 was a year in which many heavy penalties were placed upon a number of Industry players, some of which were indeed warranted however others which seemed unduly severe in light of the circumstances and/or consumer harm which is ultimately what PPP endeavours to protect and avoid. For instance, it appears that there is still no association made between the consumer base of a provider and the volume of complainants received. A provider serving 100k+ users a month, whereby 10 users complain to PPP, is clearly very different to a provider serving only 10k users per month if they too receive the same volume of complaints about their services. We feel this is a fundamental metric that should be taken into consideration, by PPP, to ensure they are seen to be acting *'proportionality on the size of the problem.'* As it stands, this does not appear to be the case, thus again distorting the industries perception of PPPs principal 'focus and objectives.'

Consequently Mobjizz feels that these types of actions have somewhat fractured the market, leading to a noticeable divide, between PPP and the players within it. The notion of 'them and us' is a phrase constantly banded about the Industry and it seems that the trust and confidence from providers towards PPP and a fair and justly regulated Industry has dwindled as a result.

Mobjizz believes it is important to stress the need for this trust and confidence, from the Industry towards the regulator, to be restored as the basis for a *'collaborative, efficient and effective'* market relies on the relationships of those operating with it.

Furthermore, and through its own experiences, Mobjizz has found that in instances when it has approached the Regulator for advice and guidance the response has not be in line with the way in which the Regulator has previously presented itself to the Industry.

Specifically, and on more than one occasion, several attempts to chase for feedback have been required - in some cases no response from PPP was received at all. As such PPP has not been as forthcoming and *'accessible'* with the information and guidance it provides to the Industry which is fundamental in order to support *'innovation'* and allow players to remain competitive.

Additionally, when feedback is provided this information typically offers limited information as to why a suggestion/model/product has been refuted and simply paraphrases or references the guidance notes and or/code with little or no supplementary information.

Whilst these experiences have been echoed with a number of other providers we are aware that these do not reflect PPPs interaction with the Industry as a whole. Moreover, when independent third parties have approached PPP for advice on behalf of the L2s, the responses have been noticeably different, with a much greater focus on achieving an agreed solution between the two parties. Whilst there is undoubtedly an explanation for these discrepancies, the impression that a degree of bias exists between PPP and certain members of the value chain once again hampers the relationship between PPP and various stakeholders and causes doubt as to whether the UK market remains one that is attractive to operate within.

In light of this, and to reiterate from the above Mobjizz believes that PPP should also focus on reconnecting with all parties within the value chain and re-establishing the trust and faith from them and within the Industry as a whole. Finally PPP should make an effort to ensure that when providers do

proactively engage with them, that they are consistent in the way in which they handle requests and the degree of support and guidance they offer, irrespective of the party concerned.

By doing so, Mobjizz believes that PPP will reduce the number of rogue operations within the Industry thereby directly influencing the confidence of consumers towards PRS.

## **Q2: Do you agree with our assessment of the current and future direction of the market?**

Mobjizz agrees with PPPs assessment of the market and anticipates that revenues will continue to decline as many digital products are replaced by freemium apps and streamed services will PRS being used solely to purchase upgrades or ad-ons and no longer the end product alone.

Whilst PRS is increasingly recognised as one of the simplest methods of payment, Mobjizz believes that more information should be provided to the consumer on their bill statements in order to reduce confusion over erroneous sms payments.

Furthermore, there appears to be a significant information deficit between the parties in the value chain. When the registration scheme was first introduced, Mobjizz was of the understanding that it would be used to bridge the gap between PPP, the L1s, L2s and ultimately the consumer; providing accurate and up-to-date information about specific shortcodes, the services operating on them and the providers of said services. However this information is still failing to make its way to the network callcentres, who are often the first point of contact. Consequently we have found our consumers are often ill advised during their initial call which leads to greater frustration on their part, increases the time/ease of resolving their queries (we often have to contradict the information they have previously be provided) and no doubt increases PPPs resource time as customers are evidently not being given accurate information about the services they have been charged for. As touched upon below, we are, on a weekly basis, receiving calls from customers who have been informed that they have been charged for a subscription – something which MJ have not provided for a very long time.

Finally, further emphasis should be placed on safeguarding payments via mobile devices and PRS – it is still too easy for individuals to make payments using someone else's device and, without their permission. As such, in these regards, credit/debit cards may still be regarded as superior, and these remain as issues that PPP should attempt to address in the upcoming months/years.

## **Q3: Do you agree with our proposed priorities and work plans for 2014/15? If not, why not?**

### **Theme One – Strengthening Compliance & Enforcement**

- Building Compliance through improved Due Diligence and Risk Assessment and Control  
Mobjizz agrees with the need to improve due diligence and risk assessment within the Industry however the PPP objectives appears to be focussed towards achieving this at an L1 level. Whilst we recognise the need for PPP to engage with L1s to ensure their responsibilities for DDRAC are met in relation to L2s it is important to consider that, in light of the shift of the market towards affiliate marketing, there is now a requirement for L2s to conduct their own DDRAC as part of their responsibilities in the value chain. For this reason it is important to provide the same level of support, not only to L1s but also to L2s to ensure that they too are provided insight into emerging trends and issues.

Furthermore, due to the competitive nature of the industry many providers conduct regular research on the products/service offered by competitors to ensure they are providing an equal or greater value offering to their consumers. As such, it would be beneficial for all parties concerned (not just the L1s) to be made aware of any concerns held by PPP at an early stage so that they can make adjustments proactively, and not merely in response to the findings of published adjudications, which often happen long after an actual breach has occurred, or at the request of L1s directly.

If PPP chose to engage on a 1-2-1 basis with L1s alone, this relies heavily on the L1 relaying such information to the L2s in a prompt and concise manner, which allows room for interpretation and/or bias as well as the possibility for undue delay. Whilst it would clearly not be practical for PPP to conduct 1-2-1 meetings with all the L2s in the Industry, it would be beneficial for the topics of debate/discussion to be circulated across the Industry to ensure that providers are also made aware of the upcoming areas of concern as/when they arise.

- Making Polluters Pay

Mobjizz supports the outcome of ensuring that those who are fined do pay accordingly, to ensure fair and consistent regulation within the market, on the provision that the means used by PPP to achieve this do not exceed the funds obtained by doing so, thereby depriving funds from other areas within the budget.

- Working with the Industry to build their confidence in the use of compliant Affiliate Marketing

As per the above, it is important to ensure that communications with the Industry are frequent and contain information that will be useful in preventing and eradicating rogue marketing – including the information that is presented during PPP forums, events & workshops, which at times can be somewhat limited. Further and more detailed insight into specific problem areas, ways to mitigate against them and explicit guidance on how providers are expected to conduct effective DDRAC on affiliates is of greater value to the industry than a brief summary of the different types of misleading practices.

Consumer faith and confidence in the PRS industry has historically been damaged by the operation of rogue providers therefore we believe that, with the shift towards affiliates marketing, the industry should be proactive about addressing this issue at an early stage before it can be associated with PRS in a negative uncontrolled light.

## Theme Two – Improving the Customer Experience

- Improving the Customer Journey

To reiterate from the above, Mobjizz fully supports the need for PPP to address the consumer journey – starting with the information provided by the networks. During recent testing conducted by Mobjizz in November 2013, 20 test calls were made to various networks regarding PR SMS to 6 different mobile numbers, over a period of two days. Of those we spoke to, and even when providing the short code:

- Only two calls resulted in us being given the correct company name and contact details for ourselves.
- Not one of the agents however advised us correctly as to what the charges were for.
- In several cases we were told we had been recently charged for subscriptions (MJ do not operate any subscription services anymore and haven't for a long time. In any case the charges enquired about did not relate to any subscriptions).
- Refunds were issued directly by the Network when we didn't even request them.

From the above, it is evident that further attention must be paid to ensuring that consumers are given accurate information by the Network (during what is usually their first call) at the start of their journey. It is not surprising that so many consumers are frustrated and irritated by the time they reach PPP and/or the L2 providers when it is so difficult for them to be directed correctly.

In light of this, Mobjizz believes that a crucial breakthrough would be mandating the use of the PPP number checker site within Network call centres. It is a requirement of the code for providers to maintain accurate information however it appears that this facility is not being exploited by those who would benefit most, and as a result the consumer journey is suffering.

- The Phonepayplus Customer Experience

Again Mobjizz is in full support of improving the level of communication between PPP and the providers in the value chain. As stated previously, we have, on multiple occasions, failed to receive feedback from the compliance team within the specified time frames. Furthermore, we rarely ever receive feedback as to whether a ROI is closed/resolved. This makes it difficult to understand if/when further action is required by ourselves or if improvements to our processes/products are required.

To paraphrase from a previous call to input response, Mobjizz feels PPP would benefit greatly from creating an online system for POI/formal case requests, accessible to all registered parties. The idea being that PPP could log ROIs directly on the site and allocate the providers involved. Providers could then be notified automatically of any new requests and log in to the PPP site where responses could be uploaded. As/when PPP had received satisfactory information they could then close the complaint which would be visible to the provider concerned.

We are aware that many other regulating bodies operate a system in this way, with WASPA and Optus providing the best examples of this form of ticketing system.

We believe that PPP and the Industry as a whole would benefit greatly from this type process introduction. Not only because of the optimisation of PPP resources through a more automated system (which could then be invested elsewhere) but also through improving the communication and feedback to providers in the value chain, as well as offering a far easier base for analysis of the Industry and potential areas of concern/harm.

- Protecting Vulnerable Consumers

Mobjizz supports the need for further improvements in the protection of vulnerable users, specifically towards the protection of minors.

We are aware that many parents purchase contract handsets and then pass these on to children with little or no restrictions on the device in place. When speaking to these parents, many are unaware that such safeguards can be placed on the phone. Furthermore, there are still many individuals who say that despite advising the phone seller about who the device was for, they still failed to inform them about the options available to protect the child.

We believe that a focus on ensuring that parents are given sufficient information at the point of purchase will reduce the number of children and negative experiences of PRS.

## **Theme Three – Future Proof Regulation**

- Tackling the increasing risk from Online and Security Threats

To paraphrase from our response to Theme One, Mobjizz welcomes further guidance and information surrounding emerging online threats and malware.

- Maintaining a Cutting Edge Code  
Again Mobjizz supports updates to the code and guidance in line with changing legislation and/or arising issues following technological changes and developments.
- Responding to the developments in legislation which will impact on PRS and future payment services  
Mobjizz feels Phonepay are ideally placed to act as the principal provider within the PRS Industry in terms of communicating changes in legislation to all those concerned.

#### **Theme Four – Enhancing Regulatory Efficiency and Effectiveness**

- Working in Partnership to add value  
Whilst Mobjizz recognises that knowledge sharing is beneficial for the consumer, it is also beneficial for all parties in the value chain.

Advance warning systems against rogue activities and providers will restore faith in providers and sharing knowledge with other regulators will allow PPP to adapt its processes to ensure they are as efficient, fair and consistent as possible.

- Continually Improving our Business  
To reiterate from our previous responses, Mobjizz supports PPP in its decisions to upgrade its processes/systems to ensure they are fit for purpose both from PPPs internal perspectives and resource optimization but also in terms of improving communication and transparency within the Industry (Refer to Q3, T2 and Q4).

#### **Q4: Do you support our proposed resource allocation for 2014/15? If not, why not?**

In line with our response to Q1 we feel it is important for PPP to invest in the 'Compliance Advice' department. Past response timeframes suggest that there is not currently sufficient enough resource/manpower to support the volume of enquiries being made by the Industry towards Phonepayplus.

Mobjizz believes that this may have indirectly encouraged some providers to run with products/services which may be questionable by PPP and/or require alteration, merely because they are not receiving adequate support promptly enough.

As such, Mobjizz feels that the allocated resource towards staff should be adjusted to incorporate the growth of the compliance team.

Finally, and in light of our response to Q3 we feel strongly that PPP should allocate investment into the improvement of their website and create an online ticketing system for the logging of ROI requests - optimising both their resources as well as the entire ROI process.

#### **Q5: Do you agree that the charging model should remain unchanged during 2014/15? If not, why not?**

Mobjizz agrees with the proposed charging model as suggested by PPP.