

Dear Mark, Dear Duncan,

It was a great pleasure to meet with you today and I thank you for the interesting discussion and your feedback. As promised I wanted to also summarize MACH's feedback regarding the PhonePayPlus consultation.

Question 1: Do you agree with the proposed Definition?

Having considered your proposed definition we first of all concluded that the definition was too wide and thus extended beyond the area that PhonePayPlus was seeking to cover. However we understand, following our meeting, that your intention is to cover and address potential developments in this area and to plan for future changes as well. We do think though that the direct scope should perhaps be somewhat narrowed or closer defined with a future looking outlook contained.

Question 2: Do we agree with the current diagram which sets out different developer payment options at paragraph 2 of the proposed guidance?

We consider the map to be an accurate reflection of the current different payment options considered and used by developers and app store providers.

Question 3: Areas of Risk:

We propose that the cancellation option should be perhaps best described as corresponding to the ordering channel. We understand, following our meeting, that the focus will lie on the outcome but we feel that the strong advocating of the STOP command, largely associated and used for Premium SMS billing does not give the desired guidance. Association with the ordering channel will be much clearer and precise. Additionally it could also be suggested that the deletion of an app should terminate any subscription.

You also make reference to the risk of Malware within the application and direct billing environment. We understand that this is a very important and yet difficult issue given the nature of applications and the interactions this has with handsets of the enduser. Whilst there are certain obvious wrong doings that a service can take there should be guidance on what could be construed as constituting malware whilst taking into account the many and varied legitimate ways that an application can behave and interact with the end-users phone. A clear definition of perhaps the outcome from malware instead of categorization would work better in this area.

Question 4: Do you agree with our proposed expectations around key information where a service can be accessed on more than one device?

We do not agree with your expectation regarding use of a service by more than one device. We would like to question as to whether this would really apply/is relevant in the realm of application based billing. Typically the apps are downloaded and consumed on the mobile device and not on other devices. Therefore the assumption should be that applications are typically only consumable on the device used to purchase it. Should the app be consumable via another device then this should then be highlighted and pointed out.

We would like to stress here that there is an inherent risk of providing too much information for the end-user which will lead to confusion.

Question 5: Do you agree with our proposed expectations around application based payment services using a freemium model?

We agree with the basic approach that an end-user should be made aware that the application contains paid for areas or that certain features require extra payments. We would though like to point out that often the word free is a definition imposed by the app store distributing the content and does not necessarily mean a wrong or misleading advertising by the developer/merchant. A clear and precise payment method within the application and adequate and prominent warning surrounding the premium features or extras should suffice to ensure that the end-user is well informed and aware of such features.

We would also like to point out that the word freemium and its application in this space is a well known and accepted term and approach by app developers. Its actually often considered advantageous also by the end-user as they can try before they buy without having to purchase the item immediately.

Question 6: In App Purchase experience:

We agree that the end-user needs to be fully and clearly informed about the costs prior to entering into the agreement with the merchant. We consider that a guidance based approach on how the purchase flow should look and what the most important aspects are that they must follow a good approach.

With regards to the guidance's approach to in app purchases for e.g. Power ups, we would like to stress that this could be a potential pitfall. By making someone aware that he/she will incur charges without warning whilst playing a game for collection of power ups, we see a great potential for problems and complaints. The end-user will no doubt forget about the automatic charges and will then have a bill shock when he finishes the game as he might have accepted more power ups than he would normally have. We understand the inherent problem in this area but would suggest that a notification after a certain period/when a certain amount is reached would prevent this.

With regards to the issue of the receipt, we now understand that this is a recommendation only but we would stress that this fact is made very clear.

Question 7: Do you agree with our proposal around virtual currency?

We agree in principle with the proposed guidance, in particular concerning the communication of the exchange rate. We do not however think that it will always be possible or advisable that the end-user should be made aware of all items that could be purchased through the virtual currency.

With regards to the validity period it might be again better to assume as a standard that the currency will be valid for an indefinite period and that anything else should be communicated.

Question 8: Password protection

We think that this is a complex and tricky area. The mandating or use of a password as a blanket approach would not be the right stand to take. In the case of larger Application stores the setting and use of a password to authorize payment will be standard but this is unlikely to be the case of in app purchases or independent developers. Here the imposition of a password would have a serious negative impact on the buying experience of the end-user. We feel that the correct way is to ensure that a clear, precise and definitive payment option/process is followed and adhered too.

Regarding the question of refunds we feel that the industry in its standard approach typically refunds services where a legitimate claim exists.

Question 9: Technical Quality

We agree with the basic definition that applications needs to be compatible with the device. We would like to point out though that advances in technology could potentially lead to problems as compatibility might not always be possible, even across the same platform (e.g. Android)

Question 10: Method of exiting

The use of the word STOP Command has a strong association to an SMS being sent to stop the service which does not work in the application environment. We would again re-iterate that the method of exiting should be equal to the ordering channel. We would therefore envisage the use of a cancellation option within the application itself.

We agree that the end-user must be made aware of the cancellation option or that the cancellation options should be immediately apparent.

This concludes in essence our response to the guidance document issued by PhonePayPlus.

Please do not hesitate to contact me if you have any further questions.

Thanks

Andrew

Andrew Kaufmann

Operator Relationship Manager

MACH Mobile Billing and Payments

18 Mansell Street

E1 8AA

London

United Kingdom

<http://www.mach.com>

