

**NOTES OF THE ILP MEETING NO. 49th HELD ON
TUESDAY 1st MARCH 2016
1.00pm-3.10pm
PhonepayPlus Offices, 40 Bank Street, London, E14 5NR**

Present:

Ann Cook – ITV (Chair)
Andrew Ailwood – BBC
Martina Algeri – Vodafone
Gavin Daykin – Ofcom
Holly Fairweather – Channel 4
Eric Feltin – Safari
Robert Franks – Telefonica
Cathy Gerosa – FCS
Suzanne Gillies – Action 4
Rickard Granberg – UKCTA
Claire Harding – 118118
Ann Hoitink – EE
Hamish MacLeod – Mobile Broadband Group
Rory Maguire – AIME
Steve Ricketts – PP+ Board
Jeremy Stafford Smith – Vodafone
Mike Steel – BT
Carmen To – Ofcom
Rob Weisz – Fonix

PhonepayPlus

Joanne Prowse (Chief Executive)
Peter Barker
Mark Collins
Ayo Omideyi
Simon Towler
Stephanie Ratcliffe (minutes)

Guest Speaker

Hugh Griffiths – Digital Potential

Apologies

David Edmonds (PPP Chairman)
Jacqui Hill – Comic Relief
Chris Pateman – FCS

1.0 WELCOME, INTRODUCTIONS

Ann Cook welcomed current and new members to the meeting. Introductions were made and apologies noted.

Ann Cook advised that Jacqui Hill has moved to a new role and a new ILP representative for the charities sector is being sought. Recommendations for membership, to ensure the industry is properly represented at meetings, are welcome and nominations should be passed onto the Executive. Ann Cook asked that members contribute to the ILP area on PPP's website and provide biographies and photos.

(Action: ILP Members)

2.0 REVIEW ACTIONS

a) Minutes and Matters arising from the minutes of the ILP meeting held on 29th October 2015 and 10th December 2015 Budget meeting.

Minutes

The ILP noted that the minutes from 29th October 2015 had been recirculated, following an amendment made to the action log 47.3b, to include an update on AIME's work with Trading Standards.

The minutes of the ILP meetings, held on 29th October 2015 and 10th December 2015, were approved as accurate records of the meetings.

Matters Arising/Actions

For improved clarity, the action summary table has been removed and actions are now recorded within the minutes, under their specific agenda items.

The ILP noted the outstanding actions, where not covered on the agenda, as follows:

- Item 47.3a: the RRT will become a regular standing item on future ILP meeting agendas, in order to provide opportunity to capture issues or report on progress as appropriate. 'Lessons learned' will be picked up as future RRT sessions are convened. Work to produce a list of industry practitioners and their relevant experience remains ongoing.
(Action: M Collins/ILP members)
- Item 47.3b: Rory Maguire gave an update on PSD2 transposition to UK law which is expected by December 2017 and confirmed discussions with the FCA and Treasury are ongoing and workshops planned. Key points and issues around its implementation for UK network operators were explained. A request was made for fixed line operators to also provide feedback to help further identify issues.
Simon Towler confirmed an FCA presentation on PSD2 is planned for the next ILP meeting. The ILP recommended that Treasury are also invited to present on PSD2.
(Action: S Towler/ M Collins)

AIME is seeking "assured advice" in relation to the Consumer Contracts Regulations, from Surrey and Bucks Trading Standards which is the Primary Authority for these regulations. The purpose is to avoid conflicting interpretations of the Regulations by different local authorities.

AIME's detailed guidance document, which was circulated to members in October 2015, has since been split into two sections for improved clarity 'Compliance Advice' and 'Best Practice Guide'. Ofcom will be consulted by Trading Standards for their views on the final version.

3.0 FOCUS ON

Mobile World Congress Feedback

Following the recent MWC held in Barcelona, Hugh Griffiths gave a presentation on the highlights from the Congress and included a video from the Mobile World Live.

The key themes addressed at the MWC included Samsung pay, the rise of mobile wallets and the future and growth of carrier billing in Europe.

The presentation gave rise to discussion around current developments and how technological changes may impact the industry, C2M and operator billing. Concerns were noted around the mobile payments market, which did not play a significant part at the MWC and the ILP agreed there was a need to address these issues in the wider context.

Jo Prowse agreed to circulate the Juniper and Dimoco research paper on the future of carrier billing in Europe to the ILP.

(Action: J Prowse)

The Chair thanked Hugh Griffiths for his presentation and a short discussion followed on future presentation topics to include PSD2, findings of the AMR and inviting a large digital content provider to give their insight and market predictions.

4.0 ILP MEMBER UPDATE

a) Sector Update: Mobile Payments

Robert Franks presented on mobile payments and carrier billing. He addressed concerns around the slow growth of carrier billing in the UK in comparison to other countries such as South Korea and urged industry to work together to address these issues.

The ILP noted the four main cross-industry issues concerning charge to mobile (C2M) as follows:

1. Consumer and merchant awareness and engagement remain low. This is partly because the current branding is not strong.
2. Consumer experience lacks clarity; C2M is hard to use as payment experience is complex, payment flows should be less complicated.
3. Lack of payment product standardisation across the market and high integration costs may lead to barriers for growth. These areas could be addressed via product standardisation within the appropriate competition law framework.
4. Regulatory framework (not just the PhonepayPlus Code) and multi-level compliance remains complex under competition law.

Discussion followed on how industry can collaboratively work to improve on the first three areas. Jo Prowse confirmed that PPP's 'discussion' document – 'How to encourage PRS development with effective outcomes-focussed regulation' - looks to support dialogue on how to support further innovation, investment and growth in the market and to identify factors for improvement around compliance and the regulatory framework. A workshop will be arranged with industry stakeholders to take this work forward. Jo Prowse will circulate the 'discussion' document to members.

(Action: J Prowse)

Eric Feltin made reference to Klarna, a Swedish e-commerce company which provides payment services for online storefronts.

Ann Cook thanked Robert Franks for the insightful presentation. The ILP agreed to work collectively to address barriers around carrier billing and for further discussion around agreeing terms of reference for the work to take place off line.

(Action: R Franks and ILP members)

b) Sector Update: Charity Seminar PayforIt scheme update

Rory Maguire gave an update on the charity seminar which took place on 19 February and which was jointly funded by AIME and PhonepayPlus.

The seminar was aimed primarily at small charities considering or having started using text based donations as part of their fundraising. The seminar was well attended with guest speakers from across the industry and over 50 charity representatives. Subjects covered included: data protection, the mechanics of mobile donation, regular giving by text and engagement with mobile donors.

Next steps will involve converting the presentations to video and distributing them via YouTube, releasing a press release on the success of charity text donations and linking this to gift aid work, with a further seminar planned for 2017.

Robert Franks raised concern over the lack of consistency and transparency of charity donation charges. Whilst 100% of a donation on a 70xxx shortcode went to the charity, there were still, in his view, cases where there were aggregator charges, and additionally not all charities used 70xxx shortcodes. Rory Maguire agreed to undertake further work to identify the charity value chain and processes around charity donations, in order to improve transparency and mitigate any potential for reputational damage.

(Action: R Maguire)

c) Rotation for next meetings

The Chair thanked Rory Maguire and Robert Franks for their sector updates and encouraged members to volunteer with topics for future discussion. Requests to raise topics for presentations should be sent to the Executive.

(Action: ILP Members)

5.0 PHONEPAYPLUS UPDATE

a) Operations

Budget 2016/17

Peter Barker informed the ILP that the budget consultation received six responses and is now with Ofcom for consideration.

The following points were noted:

- Subsequent to the original budget proposed of £4,269k, further savings of £274k have been identified through a reduction in business plan activity, which brings the total to £3,995k (a total real term saving of £500k). The ILP noted that further savings achieved may consequently lead to the inability to support industry requests for additional undertakings.
- Following recent Tribunal decisions, the forecast for the level of retained funds, available to offset the levy, has increased from £800k to £1,000k.
- In the absence of any contribution to market size estimations PPP's forecast for 2016/17 out payments from networks remains at £430.5m.
- PPP will respond individually to each consultation received.

The ILP noted that the levy model will remain as currently applied for this year. The original adjusted levy for 2016/17 of 0.74% has been revised to 0.63%. Going forward, a review of the funding model will be undertaken in 2017/18 and consideration given to an unadjusted levy model.

The ILP thanked the Executive for the additional savings identified.

In addition, and by way of overall context for the budget, the Executive outlined that it was developing its operational reporting, which in the future will better illustrate both the extensive volume of information received and assessed, and the decision-making around which regulatory solutions to subsequently apply.

(Action: P Barker)

b) Regulatory

The ILP noted the update on regulatory issues as follows:

- Part 4 consultation closed on 1 February and received 7 responses, which were generally positive. A draft Statement and revised draft Code 14, reflecting comments received, are expected to be published at the same time as Ofcom's consultation in early March. Implementation of Code 14 is still anticipated for July 2016.

Following discussions around the lack of any mechanism to appeal against a Code Adjudicatory Panel's decision, it has been agreed that a limited grounds post-adjudication review will be introduced. Criteria and processes for the limited grounds review will be explained at the next ILP meeting.

(Action: S Towler)

- Consultation on the vulnerability guidance document will be published in March 2016. Current consultation on five pieces of guidance runs until 11th April 2016.

c) Research

The ILP noted the progress update on work around current research projects:

- Analysis of consumer behaviour (Mobilesquared), due for publication in March.
- Consumer interaction with PRS (Craft Realities), with completion expected by April.
- The AMR2015 (Mobilesquared), with completion expected in May.

Updates on progress will be provided at the next ILP meeting.

(Action: S Towler/J Levack)

d) Market Issues

The ILP noted a recent market issues meeting took place on Friday 26 February 2015. See item 6.0.

6.0 RRT – Requirements/Reporting

This item is now included as a standing agenda item, to act as a trigger to capture and progress any issues arising from market issues. A table illustrating current market issues was presented to the ILP and noted that for the current meeting, there was nothing to report back on, nor any requirement to trigger an RRT at this stage.

7.0 AoB

- The next Industry Forum will be held on 4th May. The Executive asked the ILP to feedback on any items for the agenda.
- Name change - PhonepayPlus are carrying out an inhouse renaming exercise and any comments/suggestions from industry are welcome.

End of Minutes

Next ILP meeting at PhonepayPlus Offices, 25th Floor, 40 Bank Street, E14 5NR

- Tuesday 17th May: 10am to 12.30noon, with a networking lunch after the meeting at 12.30noon.