

**NOTES OF THE ILP MEETING NO. 66th HELD ON
TUESDAY 16th JULY 2019
10.00am-12.05pm
The Phone-paid Services Authority Offices,
40 Bank Street, London, E14 5NR**

ILP Members

Ann Cook – ITV and ILP Chair
David Edmonds (PSA Chairman)
Danny Barclay - Telefonica
Michael Barford – The Number UK
Kevin Butcher – BBC
Joanna Cox – aimm
Holly Fairweather – Channel 4
Eric Feltin – Safari Mobile
Peter Garside – EE
Neil Johnson – aimm
Hamish MacLeod - MobileUK
Tony Maher – TUFF
Steve Ricketts – PSA Board
Neil Roberts – Vodafone
Ladi Sanusi - Three
Jeremy Stafford Smith – Vodafone
Mike Steel – BT Agilemedia
Rob Weisz – Fonix

Phone-paid Services Authority

Joanne Prowse (Chief Executive)
Peter Barker
Mark Collins
Alex Littlemore (item 3b)
Sarah-Louise Prowse (item 3a)
Ayo Omidéyi (items 1-4)
Simon Towler
Stephanie Ratcliffe (minutes)

Apologies

Suzanne Gillies – Action 4
Mark Stannard – Boku Inc
Imogen Willdigg – Cancer Research

1.0 WELCOME, INTRODUCTIONS

Ann Cook welcomed attendees to the meeting and apologies were noted.

2.0 REVIEW ACTIONS

a) Minutes and Matters arising from the minutes of the ILP meeting held on 16th April 2019.

Minutes and Matters Arising

The ILP approved the minutes from the ILP meeting held on 16th April 2019 as an accurate record of the meeting.

Item 8a, Non-Executive Director Recruitment: David Edmonds gave an update on the recent recruitment process and confirmed the PSA had received a strong, competent field of applicants. An excellent candidate has been appointed and will commence office in January 2020; an announcement will follow once the process has been finalised.

b) Actions

The ILP noted all actions from the previous meeting were closed.

3.0 FOCUS ON TOPICS

a) Refunds Discussion

The ILP noted that, as part of PSA's business plan, PSA is looking at ways to improve the consumer experience of phone-paid services. Research has been commissioned from Futuresight into consumer expectations and experience when seeking a refund in the phone-paid services market.

The ILP discussed the challenges providers experience with making refunds/credits as well as opportunities for improvement. It was suggested that refunds can be costly and complex for both the provider and mobile network operator and that there are technological differences between PSMS and operator billing. It was noted that the adoption of operator billing by digital merchants would be enhanced with improved and more consistent refund mechanisms, and that in turn improvements to refund mechanisms would make phone payment more attractive to those who already offer other digital payment options.

The ILP agreed it was important for industry to work collaboratively together to identify the most effective methods for providing refunds and credits and to find a common single refund strategy going forward into new markets.

The ILP noted that PSA will continue to engage with industry providers and the findings from the Futuresight research (which will be published) will also provide insight to inform the ongoing review.

The Executive thanked the ILP for their preliminary thoughts. Members were invited to continue to come forward and discuss issues with Mark Collins and Sarah-Louise Prouse during the course of the review. It is anticipated that the PSA will engage with industry during the Autumn prior to consultation.

b) Registration Overview

The Executive presented an overview of the new Registration requirements, setting out the new data that organisations would have to provide about themselves and the services they operate. The Executive explained that the recent workshops with industry had been very useful in finalising details, and that the new requirements would be implemented later in the summer.

The Executive confirmed that while the new requirements would come into immediate effect on the implementation date for new Registrations, there would be a three-month period allowed for pre-existing Registrations to be updated. The Executive also confirmed that the PSA was putting resources in place to review and validate data and would be looking to work collaboratively with industry to ensure the accuracy of the Registrations database. ILP members were reminded, however, it remains the responsibility of industry providers to ensure they register details as required under the Code.

In response to questions about sharing Registration data with industry, the Executive outlined the concerns raised during consultation by providers about the data being accessible in a way that competitors could undertake market-level analysis. The Executive confirmed that it was still to finalise what data would be made publicly available, either through a newly developed Service Checker for consumers or improved due diligence reporting for industry, but that the search facilities would be designed to limit the extent of data available in a single search. The Executive asked the ILP to note that it anticipated that PSA's approach to validating the data would mean a degree of double-checking and reconciliation e.g. working with L1s to ensure that all their clients (and their services) were registered.

4.0 MARKET ISSUES

a) Complaints Data Analysis

PSA presented the latest suite of operational data to May 2019, which included analysis of contact volumes, complaint volumes, case workload and the financial size of the market.

The ILP noted that in the two months since the last data was presented:

- there has seen an increase in enquiries, from 24,000 to 29,000, but complaints are at broadly the same level.
- the majority of assessed complaints continue to be accounted for by digital content services comprising of five service types: internet-based information services (leisure and fitness); virtual gifts (alerts services); games or apps charged to my bill; ringtones, ring back, wallpaper (device personalisation); and music/video content.
- PSA still expects to work on around 400 cases in 2019/20, with around 130 of these being enforcement cases.

In response to questions about the breakdown of assessed complaints by payment frequency, the Executive explained that since nearly all complaints were in relation to subscription services, the data showing how complaints were split between operator billing and PSMS could be more or less applied to subscriptions. However, the Executive also pointed out that the split of complaint data between operator billing and PSMS was indicative only, since it typically relied on the current incomplete Registration database and only some of the data was verified (when the complaints were attached to enforcement cases).

The Executive presented an analysis of the changes in market revenues from 2017/18 to 2018/19, and the ILP noted:

- total revenues had increased from £540.5m to £630.7m
- operator billing revenues had increased by 47% to £275.7m
- PSMS revenues had increased by 16% to £174.4m
- while 09 revenues increased slightly (2%), other fixed line revenues (087 and 118) declined significantly (41% and 34% respectively)
- mobile revenues now account for 82% of the total market

The ILP noted that once the new Registration requirements are launched, PSA's operational data will switch to the reporting by service type in line with the categories reported in the Annual Market Review.

b) Market Issues Report

PSA reported that it continues to monitor a wide range of issues in the delivery of phone-paid services in the market. In particular, PSA has a current focus on:

- Content locking
- Malware
- Non-compliance in the ICSS sector
- Push notifications on Android

The ILP was invited to provide feedback on any identified malware issues and to work collaboratively together to address market issues.

(Action: ILP Members)

5.0 ILP UPDATE

a) Industry Updates

The ILP noted aimm's recent activity includes:

- producing a set of best customer service guidelines;
- investigating new revenue streams for e-money;
- holding a Rich Communications Services event in September;
- arranging a charity working group. The working group was looking at "super-users" – people who donate to multiple charities using phone-payment. They were looking into the granularity of data on charity donation and asked if the AMR might provide insight. They were also going to look at what information their own members might have to share.

b) Other Industry News

There were no further updates, nor comments received from industry.

Ann Cook invited members to provide future topic discussions and welcomed industry feedback. Steve Ricketts volunteered to present on 'adjacent payment mechanisms and credit/refund uses.'

(Action: ILP Members)

The Executive agreed to circulate a list of previous focus topics along with the minutes, to stimulate discussion for future topics.

6.0 PHONE-PAID SERVICES AUTHORITY UPDATE

Highlights since the ILP meeting held on 16th April 2019

PSA reported on the following updates:

- The consultation on subscription services closed on 3 May and responses are now being reviewed and analysed. A statement is expected to be published in late July/early August.
- The consultation on the retention of data closed on 3 April and a statement is expected to be published in late July/early August.
- The consultation on ICSS, concerning the extension of special conditions to cover the new scope of the PRS condition, closed on 10 June. Responses are being analysed and clarification on the wording under special condition no. 6 conveyed to responders. A final statement is expected by September.
- Registration workshops have taken place and a Notice of requirement is expected to be published later in the summer.
- The operator billing roundtable workshop was held on 14 May. Feedback from the workshop suggests there is a clear desire from industry to promote growth in operator billing as a viable choice for the consumer and to work jointly on improving the current payment scheme. PSA has reached out to the MNOs with regards to next steps.
- A case prioritisation policy has been published which sets out the principles by which case prioritisation decisions are made.

Forthcoming priorities/events include:

- Consent to Charge - consultation on revised guidance is expected in July/August.
- DDRAC - a project is underway and consultation on new guidance will follow in this financial year.
- The Annual Report 2019 is expected to be published this week.¹
- The Annual Market Review 2018-19 is expected to be published in July/August and will be presented to the ILP at the next meeting in October.

7.0 AoB

a) Rotation for forthcoming ILP meetings for 2019:

- Tuesday 22nd October 2019: 10-12.30pm- presentation on the Annual Market Review
- Tuesday 10th December 2019: 10am-11.30am - Business Plan meeting and other business

b) ILP Arrangements for 2020:

The ILP noted the proposed meeting schedule for 2020, to consist of four meetings per year, with an additional hour added to the December business plan meeting, to cover any extra topic discussions.

The ILP approved the proposed structure of four meetings per year.

¹ PSA Annual Report 2019: <https://psauthority.org.uk/news/news/2019/july/psa-publishes-2018-19-annual-report>

Ann wished everyone a very good summer and looked forward to welcoming everyone again at the next meeting in October.

End of Minutes

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