

**NOTES OF THE ILP MEETING NO. 61st HELD ON
TUESDAY 10th JULY 2018
10.00am-12.15pm**

The Phone-paid Services Authority Offices, 40 Bank Street, London, E14 5NR

ILP Members

Ann Cook – ITV (Chair)
Danny Barclay - Telefonica
Michael Barford – The Number UK
Kevin Butcher – BBC
Holly Fairweather – Channel 4
Eric Feltin – Safari Mobile
Peter Garside – EE
Rickard Granberg – UKCTA
Neil Johnson – aimm
Nitin Khattar – The Number UK
Tony Maher – TUFF
Ladi Sanusi - Three
Jeremy Stafford Smith – Vodafone
Mark Stannard – Boku Inc
Mike Steel – BT Agilemedia
Rob Weisz – Fonix

External Speaker

Nick Lane – Mobilesquared

Phone-paid Services Authority

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

Apologies

David Edmonds (PSA Chairman)
Andrew Ailwood – BBC
Cathy Gerosa – FCS
Suzanne Gillies – Action4
Hamish MacLeod - MobileUK
Phil Jones – Ofcom
Clark Johnson – Telefonica
Steve Ricketts – PSA Board

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 22nd May 2018

Minutes and Matters Arising

The ILP approved the minutes from the ILP meeting held on 22nd May, as an accurate record of that meeting.

b) Actions

The ILP noted actions as either closed or addressed on the agenda, with the exception of one outstanding action:

- 60.7: request permission from GSMA to circulate the slides from the presentation on 'Rich Communication Services.' Stephanie Ratcliffe had tried to obtain the presentation following the meeting but had still not received it. Ann Cook said that she would follow up with GSMA directly.

(Action: A Cook)

3.0 PRESENTATION on the Annual Market Review by Nick Lane, Mobilesquared

Nick Lane from Mobilesquared provided an overview of preliminary findings of the Annual Market Review for 2017-18.

The ILP noted the following points:

- The service taxonomy has been revised to provide for 13 main categories and 48 service types.
- The main areas, where adjustments were made in revenue to previous numbers, affect games, social media and charity services. Charity donations were reforecast and appear to have previously overestimated, however an increase in regular customer donation giving is expected for 2018-19.
- The phone-paid services market is estimated to be worth £555.8m, a decrease of 12.1% from 2016-17.
- Market revenue by payment type shows growth in operator billing and Payforit, and a fall in directory enquiries, mobile and voice-based services.
- Consumer satisfaction has improved from 2016-17 to 2017-18, with two thirds of customers saying they are satisfied or very satisfied with a service. The total number of users is estimated to be 23.5 million, which is a slight increase from the previous year.
- Net Promoter Scores also indicate improvements, with figures scoring -31 in 2016-17 and -12 in 2017-18.

Projections for 2018-19 predict market growth in entertainment, games, betting and lottery services and continued falls in directory enquiry, competition and quiz services. The ILP noted that figures could vary once the impacts of PSD2 implementation and Brexit are better known.

Ann Cook, on behalf of the ILP, thanked Nick for the presentation and noted that the release date of the AMR will be in August.

4.0 FOCUS ON TOPIC:

a) Project Horizon by Mark Collins

Mark Collins presented an update on areas of market and technical innovation, focusing on Domestic Internet of Things and Blockchain and their relevance to the phone paid sector.

The ILP noted the opportunities and risks, in particular the likely low impact of Domestic Internet of Things devices within PSA's remit, due to the current absence of SIMs from most devices and the potential for Blockchain technology to assist with payment verification and proven ownership of digital goods going forward.

The PSA will continue to keep abreast of and monitor developments to ensure PSA's regulatory framework can respond to technological innovation and that the PSA can continue to share thinking and information.

Ann Cook thanked Mark for his presentation.

5.0 MARKET ISSUES

a) Complaints Data Analysis

The ILP noted the presentation of contact, complaint and case data incorporating, since the last meeting, April and May figures:

- a 24-month analysis of total volume of contacts into PSA, incorporating complaints and enquiries;
- a 24-month analysis of total complaints; split between assessed complaints and those referred to the value chain;
- a 24-month analysis of total assessed complaints by service type, as well as by payment frequency;
- an analysis of PSA case work load worked on in 2017-18 and an analysis by service type of open cases as at 31st May 2018;
- an eight-year analysis of mobile versus fixed line generated revenue and out payments.

The ILP noted the data allowing for the following broad conclusions to be drawn:

- Total contacts and complaints remain consistent with a slight upward trend visible and a lower proportion being referred back to the value chain.
- Complaints by service type relate largely to games and apps charged to bill, music/video, content/ ringtones and Internet based information services.
- An additional slide included in the data, illustrates total assessed complaints by payment frequency and reinforces the fact that the majority of complaints relate to subscription services. PSA will be reviewing these services more broadly over the year as set out in its Business Plan.
- PSA case work load demonstrates how around 80% of cases are dealt with informally, as opposed to via formal enforcement action. A number of track 2 cases are still under investigation.

- Open case categories show a wide spread of different service types.

b) Market Issues Report

Market issues are ongoing and include:

- advertising in children's videos and applications – consultation on guidance is planned shortly;
- level 1 billing platforms – meetings to set out recommendations and consultation will take place over the summer;
- subscription services - a review is planned as part of this year's business plan.

Jeremy Stafford Smith commented that the mobile network operators, with support from the Level 2 providers, are making considerable efforts in minimising the risk of misplaced adverts through direct buy marketing by collating and introducing blacklists as well as holding compliance workshops.

6.0 ILP UPDATE

a) ADR aimm developments

Neil Johnson, Chair of aimm, provided an overview of alternative dispute resolution (ADR) with regard to phone payments and the opportunity for a simple, low cost resolution for contractual disputes between merchants and consumers.

The ILP noted that PSA fully supports ADR, however there must be a clear distinction made between the ADR process and PSA's responsibilities as a regulator.

Discussion focused on issues around third-party transactions and the delivery of the ADR process across different platforms and types of complaints.

Ann Cook thanked Neil for the overview.

7.0 PHONE-PAID SERVICES AUTHORITY UPDATE

Highlights since the ILP meeting held on 22nd May 2018

PSA reported the following updates:

- PSA is pleased to advise that following a recommendation from the Board and formal approval by Ofcom, David Edmonds will be reappointed as Chairman for a further term of three years in office, up until September 2021.
- The Annual Report is due for publication on 12th July.
- The Annual Market Review is due for publication in August.
- Consultations:
 - The consultation on new special conditions for directory enquiry services opened on 13th June, in parallel with Ofcom consultation and closes on 22nd August.
 - Consultation on the amended notice of specified charges and duration of calls opened on 7th June and runs until 12th July.
 - The extended registration scheme consultation runs until 19 July.
 - The consultation on special conditions for society lottery services has now closed and a statement is due soon. The introduction of special conditions will be supported by a pre- implementation seminar to support the smooth

- introduction of these new services.
- A consultation on the GDPR retention periods of personal data is likely to be published in September.
 - Other priority work includes:
 - A review of subscription services which will launch in Quarter 2, with a consultation expected by year- end.
 - Refunds and ADR – a session is planned on ADR at the next forum.
 - Consumer engagement remains a high priority with focus on the PSA's website overhaul and the consumer element in the annual market review.
 - The security of platforms research project – results from individual testing will be synthesised into a report and published in due course.
 - Forthcoming Events:
 - Various workshops are planned over the business year around the registration scheme, refunds review and society lottery services.
 - The Industry forum will take place on 2nd October 2018.

8.0 Action Summary & AoB

- a) **Review and agree topic for 30th October 2018 ILP Meeting**
ILP members were invited to come forward with further topic suggestions.
(Action: ILP Members)
- b) **Forthcoming meetings for 2018 will take place as follows:**
- Tuesday 30th October 2018: 10am-12.30pm (followed by a networking lunch at 12.30pm to 1pm)
 - Tuesday 11th December 2018: 10am-11.30am (Business Plan)
- c) **Forthcoming meetings for 2019 will take place as follows:**
- Tuesday 12th February 2019: 10am-12.30pm
 - Tuesday 16th April 2019: 10am-12.30pm
 - Tuesday 16th July 2019: 10am-12.30pm
 - Tuesday 22nd October 2019: 10am-12.30pm
 - Tuesday 10th December 2019: 10am-11.30am (Business Plan)

End of Minutes

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