NOTES OF THE ILP MEETING NO. 67th HELD ON
TUESDAY 22nd OCTOBER 2019
10.00am-12.30pm
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
Eric Feltin – Safari Mobile
Peter Garside – EE
Rickard Granberg - UKCTA
Neil Johnson – aimm
Tony Maher – TUFF
Chris Newell – aimm rep
Ladi Sanusi - Three
Jeremy Stafford Smith – Vodafone
Mike Steel – BT Agilemedia

Phone-paid Services Authority
Joanne Prowse (Chief Executive)
Peter Barker
Gavin Daykin
Jonathan Levack
Alex Littlemore (item 5b)
Sarah-Louise Prouse (item 4)
Sarah Scott (observing)
Simon Towler
Stephanie Ratcliffe (minutes)

Apologies
Lorna Byrant - Three
Holly Fairweather – Channel 4
Suzanne Gillies – Action 4
Steve Ricketts – PSA Board
Mark Stannard – Boku Inc
Ayo Omideyi – PSA
Rob Weisz – Fonix
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 July 2019.

Minutes and Matters Arising

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

b) Actions

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

3.0 PRESENTATION

The Annual Market Review 2018-19

The Executive provided an overview of the Annual Market Review, carried out by Analysys Mason, and published on 20th August. The Executive thanked members who had participated in the research.

The ILP noted the key findings from the research:

- The market grew in FY18/19, primarily through operator billing and PSMS, with areas of growth by service type including charity, games, entertainment, gambling, and TV and radio competitions.
- Mobile based services now account for over 80% of the market.
- There is a continued significant decline in voice services, most notably in Directory Enquiries and on 087 numbers.
- It is estimated that over 50% of the adult population in the UK use a phone paid service.
- More consumers are using services, but consumer experience is still mixed.
- The market is expected to be flat for FY19/20 - the continued growth in operator billing and PSMS being broadly offset by the ongoing decline in voice services.
- The top four service categories are likely to grow in FY19/20. This includes games, entertainment, TV and Radio, with declines expected on most other services including voice and DQ.

Discussion followed on how industry can actively encourage growth and deter bad practice. The ILP noted that the recent operator-billing workshop, held by the PSA, suggested a desire to promote growth in operator billing as a viable choice for the consumer and to improve the current payment scheme. However, there has been no subsequent commitment from the MNOs to collaborate. The ILP commented on concerns around competition issues around implementing a common platform for all networks and differing strategic priorities.

The ILP considered a source of collaborative working could arise with the opportunities around Rich Communication Services. aimm offered to address issues around collaborative working and review opportunities and gaps in the market to help encourage network engagement.

(Action: Neil Johnson/Joanna Cox)

The PSA will continue to note industry developments in this area.

4.0 FOCUS ON TOPIC: REFUNDS

a) Refunds Discussion and Futuresight Research

The Executive provided an overview of research findings, undertaken by Futuresight, on consumer expectations and experiences of refunds in the phone paid services market.

The overall findings show levels of satisfaction, trust and loyalty are significantly lower for refund seekers from phone paid services, than for mobile payments from other payment mechanisms. The research also found that the consumer experience of refunds from unrecognized or unknown service providers was particularly poor, and consumers didn't understand how to go about obtaining a refund and found it confusing. Many consumers expected to be refunded directly to their bank accounts or back to the phone bill or payg credit.

The Executive is developing guidance on refunds in order to improve the refund process and make the process more straightforward and transparent for the consumer.

b) Refunds Workshop Follow Up

The recent workshop held in October, looked at ways to increase consumer confidence and refund processes. Two key principles arose from the workshop:

- consumers should be provided with clear information when seeking refunds;
- consumers should as far as possible be provided with a choice of refund payment method, recognising that it is legitimate for providers to offer their own preferred refund method as first choice.

The Executive will continue to engage with industry towards consulting on guidance early next year and will circulate the slides from the refunds workshop to members.

(Action: S Ratcliffe)

5.0 MARKET ISSUES

a) Metrics

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

The ILP noted that since the last data was presented:

- Total contacts remain constant and broadly at the same level.
- Total complaints have declined slightly and it is expected that these will continue to do so as a consequence of MNO security measures and the implementation of recent PSA regulatory changes.
- 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; music/video content and Directory Enquiries. These assessed complaints remain predominantly (90+%) in relation to services sold on a subscription basis.

- Case workload - PSA expects to work on around 400 cases in 2019/20, with around 130 of these being enforcement cases. There are 175 open cases for September, of which 82 are enforcement cases, and these are principally in relation to the five service types mentioned above. The Executive outlined that its limited resources meant that it could not pursue every case, and that its processes and procedures (enforcement strategy, case allocation criteria and case prioritisation criteria) enabled it to direct resources to achieve the most effective regulatory outcomes.
- Quarterly revenues – Q1 2019/20 total revenues (excluding charity) remain largely consistent with Q3 and Q4 2018/19.

In noting the metrics provided by PSA, the ILP also discussed whether there was other operational data it could make available as a guide for collective performance. David Edmonds also pointed out that a longer time frame for any data is needed before any firm conclusions on trends could be made.

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. The Executive also drew attention to some immediate current issues:

- ICSS, advertised particularly by Android tray pop ups;
- Services with a link to Android malware;
- Services with potential consent to charge issues;
- Services charging one-off high fees i.e. £40.

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

(Action: ILP Members)

6.0 PHONE-PAID SERVICES AUTHORITY UPDATE

Highlights since the ILP meeting held on 16th July 2019

PSA reported on the following updates:

- The subscription services review consultation was published on 6th August. New sets of special conditions will come into effect on 1st November and workshops have taken place to assist with implementation.
- Responses from the consultation on Consent to Charge revised guidance, which closed on 11th October, are being considered.
- The Annual Market Review (Analysys Mason) and Futuresight research on consumer expectations was published in August.
- Following the publication of the notice on the new Registration scheme requirements in September, the deadline for compliance is 1st December. PSA has worked with providers to overcome any operational issues with the new data input forms, and the Executive reported that further improvements were planned regarding navigation and usability. A registration helpdesk is in place to assist with any queries.
- Enforcement: case workload remains varied and complex. The outcome of the Veoo Ltd adjudication was published on 13th September and members were asked to take note of the Tribunals findings.
- Guidance on data retention periods was published on 19th September.

- A statement, following consultation on changes to the regulatory framework for ICSS, was published in September. Special conditions will come into effect on 20th December.

Forthcoming priorities/events include:

- Consent to Charge - publication of the consultation statement and revised guidance.
- Refunds guidance - aim to consult on guidance around the end of the year.
- DDRAC - consultation on new guidance planned for Q4
- The business plan meeting in December will focus on:
    - PSA's revised strategic purpose aligned to market changes;
    - Funding arrangements;
    - Code 15 developments.

David Edmonds recommended the ILP give some thought to Code 15 developments, so that any feedback can be factored into discussions prior to consultation.

(ILP Members)

7.0 ILP UPDATE

Industry News

a) Other Items

The ILP noted aimm's feedback on activity around the service registration, data retention and regulatory changes and that these had been sufficiently covered under PSA's update.

b) Other Industry News

There were no further updates, nor comments received from industry. The Chair asked members to come forward with future focus on topics.

8.0 AoB

a) Rotation for forthcoming ILP meetings for 2019

- Tuesday 10th December 2019: 10am-11.30am - Business Plan and an additional hour to support any other business required on additional items for discussion.

b) ILP meetings for 2020:

- 2020 meetings will consist of four meetings per year.

c) Net Promoter Scores

The ILP noted that Net Promoter Scores had previously been addressed at ILP meetings. It was confirmed that the Annual Market Review tracks NPS (using an adjusted methodology in line with the industry standard) which would provide a basis for trends over time. It remains within the respective networks remit to monitor individual scoring.

The Chair thanked the ILP for the interactive meeting.

End of Minutes

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