PSA

PSA /Industry Liaison Panel Meeting

22 October 2019

PSA

Annual Market Review – 2018-19

22 October 2019

Jonathan Levack

Top 5 findings

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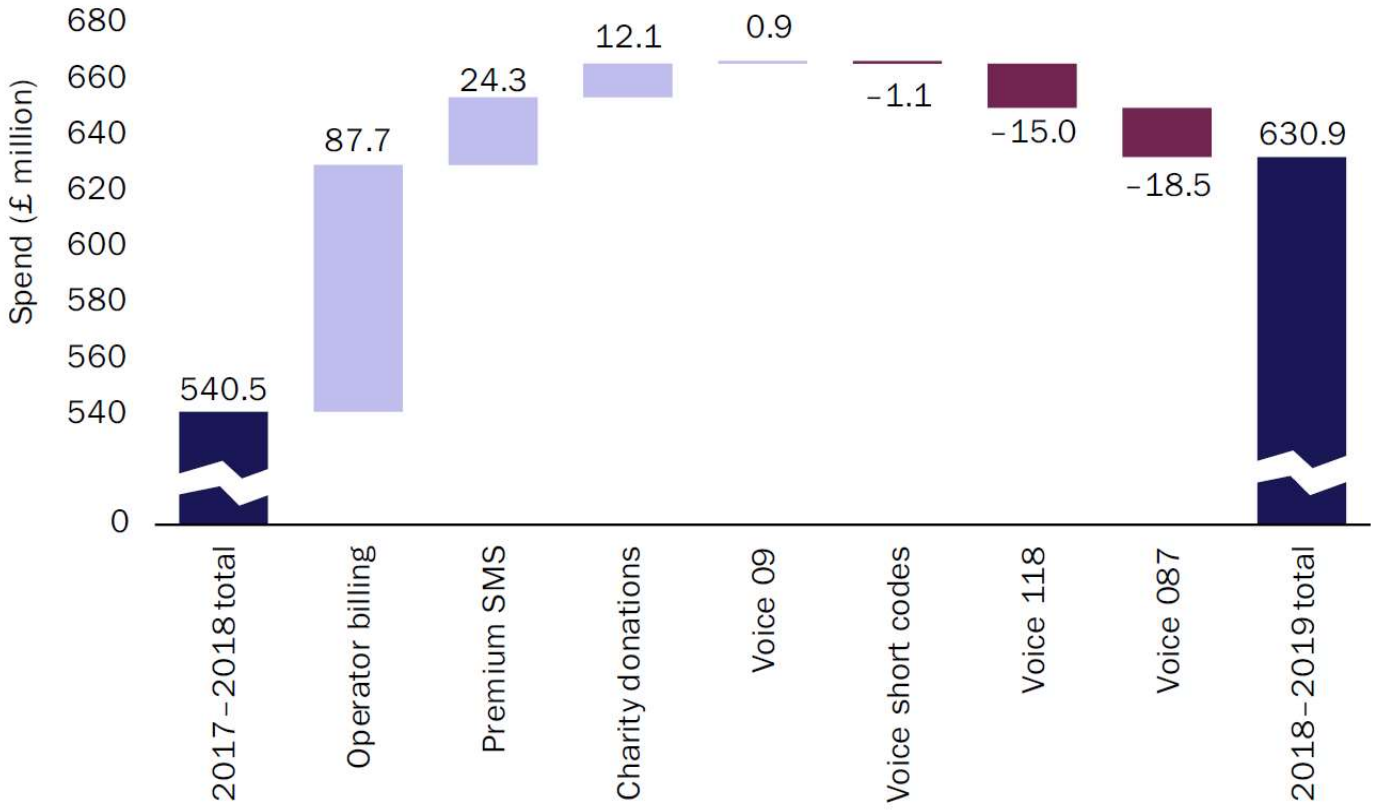
- Market grew by £90m in FY1819
- Strong growth in games, entertainment, gambling and TV & radio
- Mobile-based services now account for 80% of the market
- Market expected to be flat in FY1920
- More than half the UK adult population used a phone-paid service

Growth in operator billing, PSMS and charities exceeded declines in VSCs, DQ and 087

Figure 1.1: Variations in end-user spend (excluding VAT) by spending channel, 2017–2018 to 2018–2019



- Revenues grew from £541m to £631m
- Growth almost all in mobile-based billing
- Operator billing the standout, now makes up 44% of the market
- DQ, 087 continue trends of decline
- 09 surprisingly bucked the trend

Strong growth in games, TV & radio, gambling and entertainment

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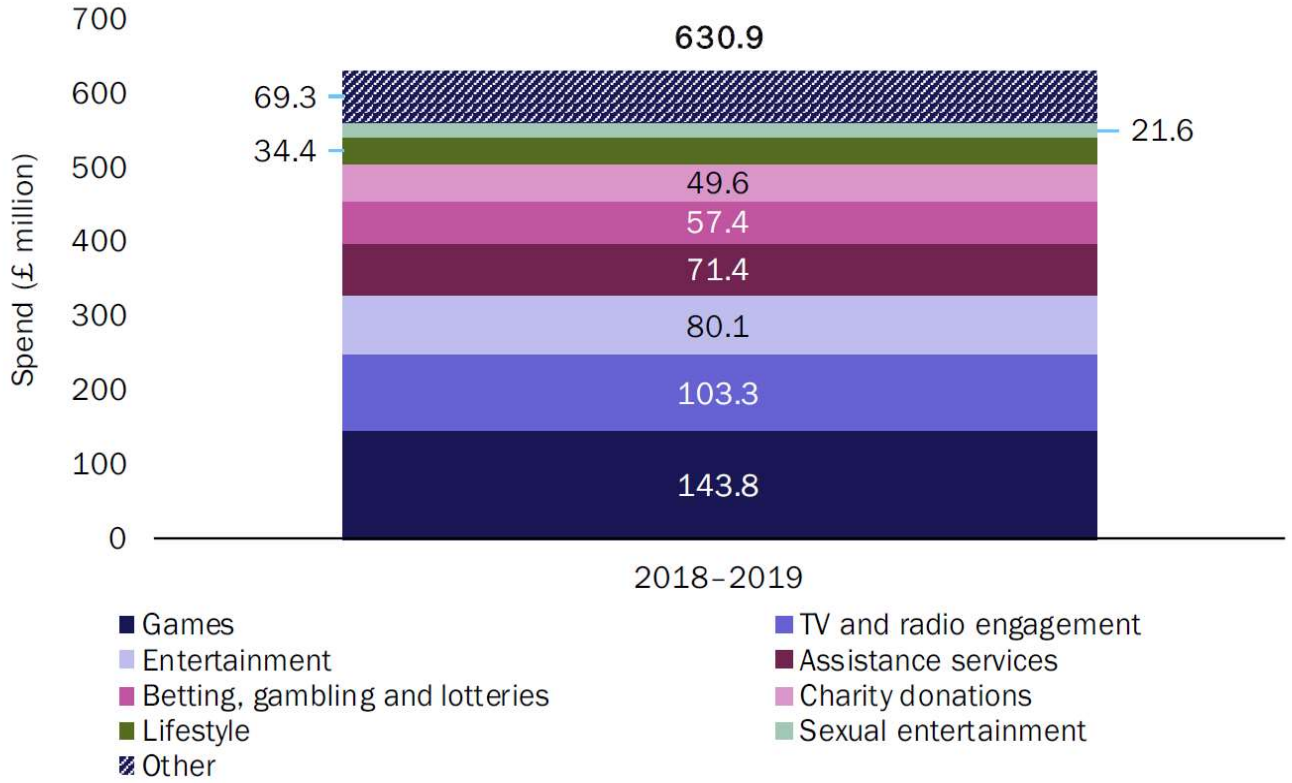
Figure 3.5: End-user spend[11] variation (excluding VAT), by service category, 2017–2018[12] to 2018–2019

- Entry of Apple into the market on EE and O2 has been the significant shift in the market
- Spotify and other music services continue to perform strongly
- TV and radio engagement responsible for all PSMS growth
- In other words, growth is in 'good' services

Games largest category, followed by TV & radio, entertainment and assistance (DQ, ICSS, 087)

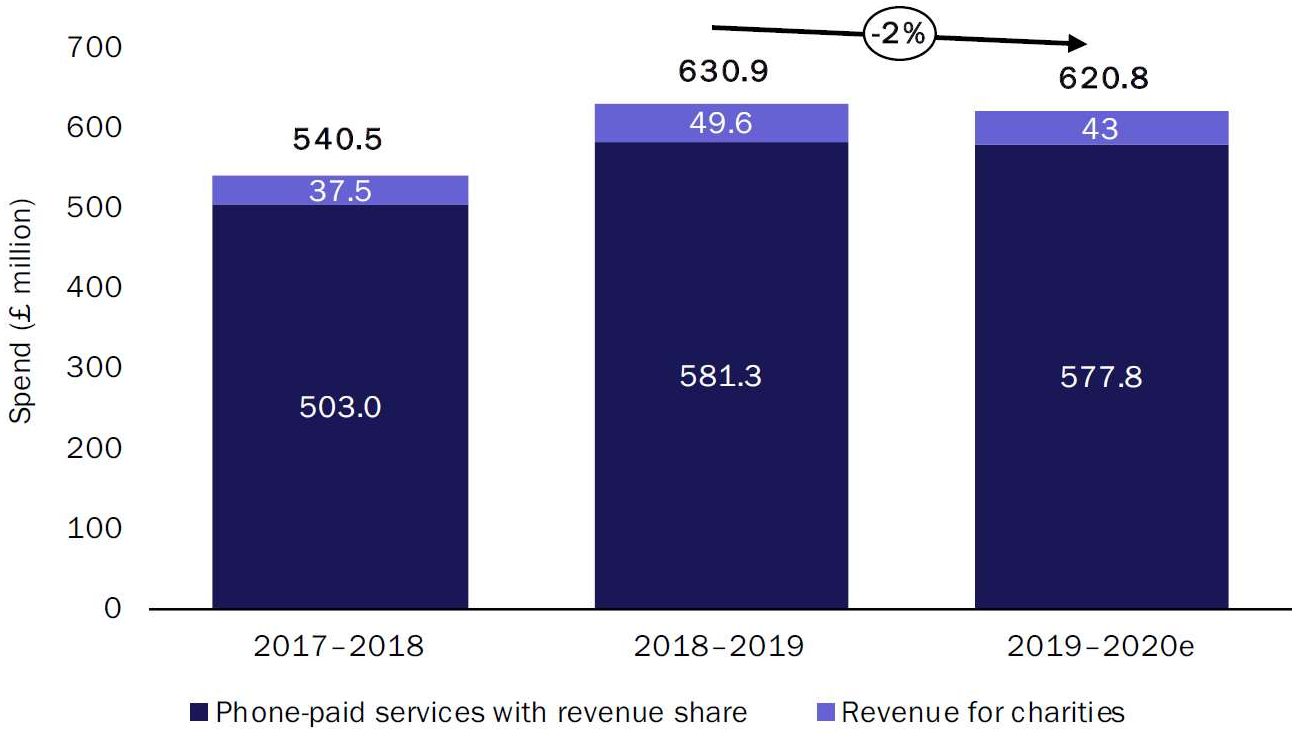
Figure 3.4: End-user spend (excluding VAT), by service category,[10] 2018–2019



- Three biggest categories now make up more than half the market
- Games: split between app store purchases, in game top-ups, some monthly-bundled
- TV & radio: almost all comps
- Entertainment: largely music (£60m)

2019-20 outlook: Market looking flat broadly this year

End-user spend (excluding VAT), by type, 2016–2017 to 2019–2020e (estimated)



- Analysys Mason expect the market to decline slightly this year from £631 to £621m
- But will remain significantly above 2017-18

2019-20: Trend away from traditional voice-services expected to continue this year

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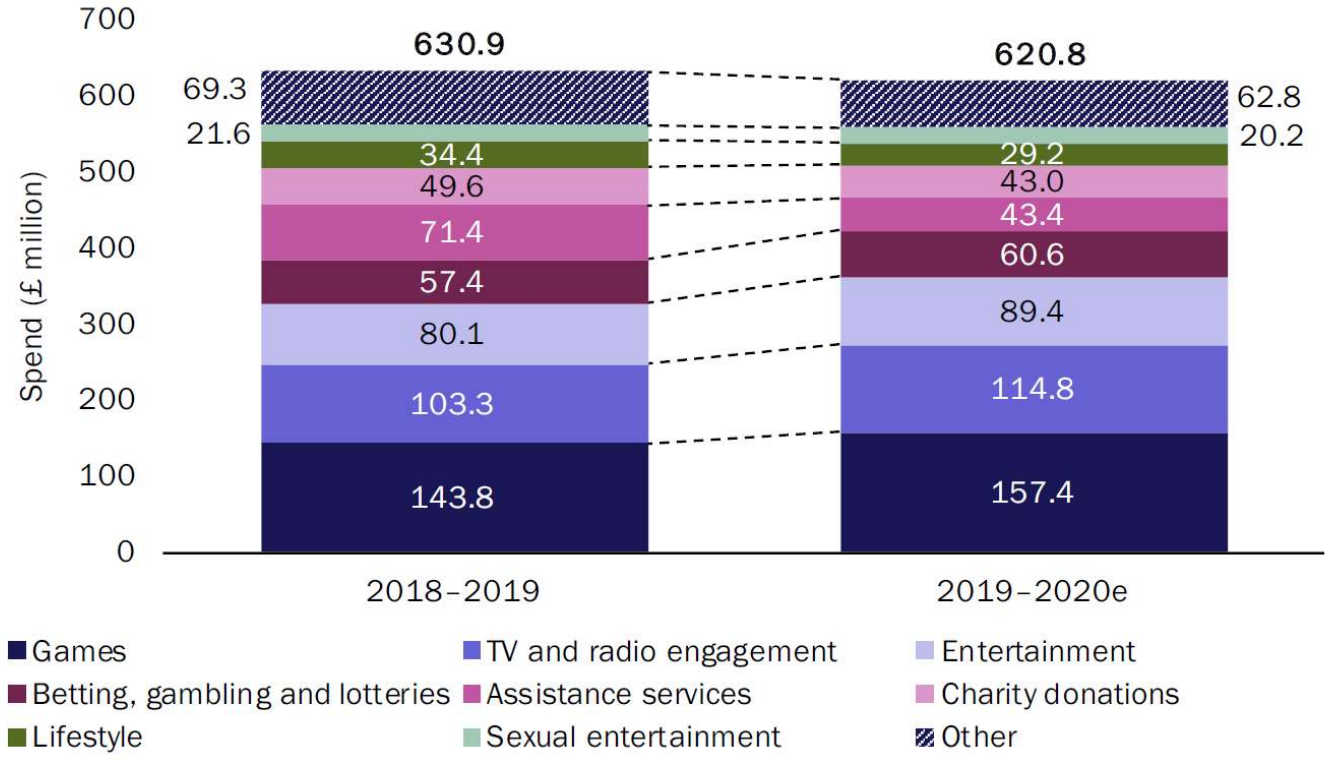
Figure 5.3: End-user spend variation (excluding VAT), by spending channel, 2018–2019 to 2019–2020e (estimated)

- Significant declines expected in DQ, 09 and charity
- Largely offset by expected growth in operator billing and PSMS
- Growth in mobile-based services expected to be organic as major market entrants expected (and it is unclear whether Apple will offer operator billing on Voda and Three)

2019-20: Top 4 service categories expected to grow, everything else likely to be squeezed

Figure 5.2: End-user spend (excluding VAT) by spending channel, 2018–2019 – 2019–2020e



- Declines in most services and charity largely offset by growth in games, entertainment, TV and radio comps.
- Top 3 service categories expected to be worth nearly 60% of the market

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Refunds: research findings and guidance development

22 October 2019

Simon Towler and Sarah-Louise Prouse

Focus Topics

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Futuresight Research on Refunds – key findings

- Research sought to understand consumer expectations and experiences of refunds in the phone-paid services market

- Qualitative research, supported by a quantitative survey of both phone-paid services users and non-phone-paid services users (for comparison and context)

- Good news
  - Experiences of seeking a refund in the market can be good and comparable to other experiences
  - Often the case with well-known brands
  - Refund seekers have confidence, high-expectations and good record of success

Focus Topics

PSA

Futuresight Research on Refunds – key findings

- Bad news
  - Consumer experience in this market can be poor
  - When a charge is unknown and unexpected, experience and expectations can be very poor
  - Refunds for unknown subscriptions are particularly difficult for consumers – consumers don't know who to go to, have difficulty contacting merchants and have a sense of diffused responsibility or going round in circles

- As a result, overall levels of satisfaction, trust and loyalty, are significantly higher among non-phone paid refund seekers than phone-paid

Focus Topics

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Industry workshop on Refunds

- The workshop summarised PSA current understanding of refunds capability in the market – updated particularly by MNO participants on the basis of recent improvements in capability.
- Two key principles in our early policy thinking were discussed:
  - Consumers should be given clear information to help them when seeking refunds – they should not have to make multiple enquiries or requests
  - Where a refund is agreed consumers should wherever possible be given a choice as to how that is paid to them – it is legitimate for providers to offer their preferred method of payment in the first instance.

- Continued engagement with industry is planned and welcomed as we work towards consulting on guidance early in the New Year

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Operational Data to August 2019 and Market Issues

22 October 2019

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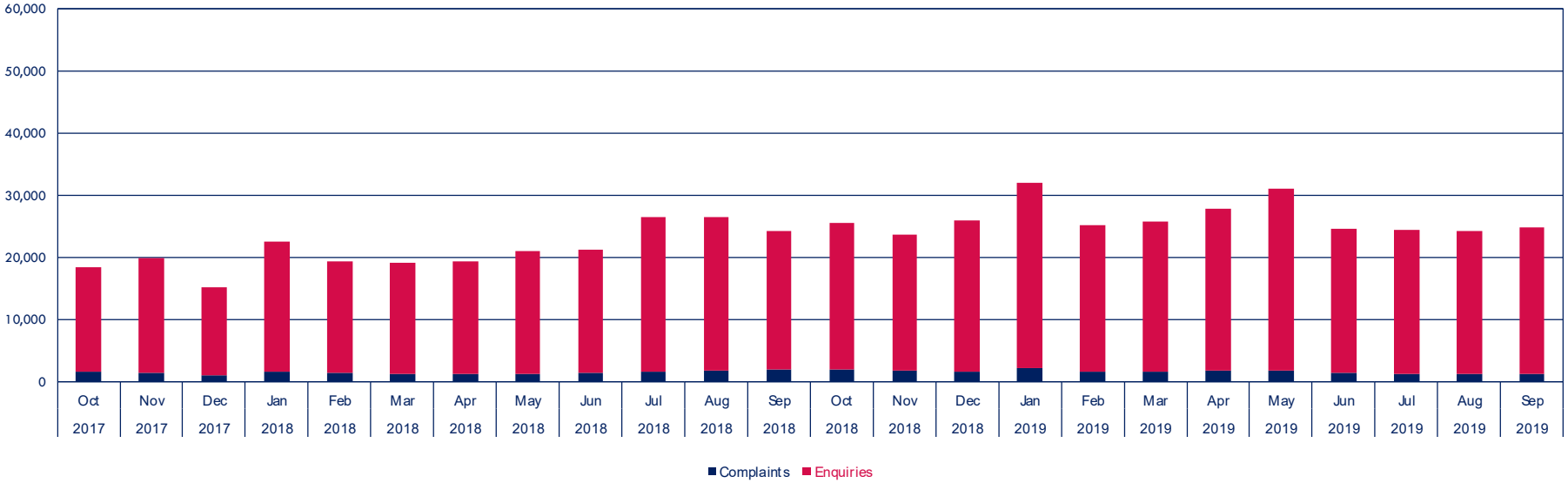
Total Contacts



	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019
Complaints	1,692	1,435	1,122	1,518	1,426	1,301	1,232	1,276	1,328	1,543	1,864	1,915	1,918	1,748	1,680	2,222	1,663	1,646	1,757	1,746	1,441	1,249	1,179	1,271
Enquiries	16,720	18,444	13,999	21,042	17,965	17,905	18,113	19,787	19,942	24,978	24,662	22,406	23,574	22,031	24,191	29,765	23,465	24,090	26,066	29,296	23,113	23,204	23,050	23,641
Total contacts	**18,412**	**19,879**	**15,121**	**22,560**	**19,391**	**19,206**	**19,345**	**21,063**	**21,270**	**26,521**	**26,526**	**24,321**	**25,492**	**23,779**	**25,871**	**31,987**	**25,128**	**25,736**	**27,823**	**31,042**	**24,554**	**24,453**	**24,229**	**24,912**
Complaints % of total contacts	9%	7%	7%	7%	7%	7%	6%	6%	6%	6%	7%	8%	8%	7%	6%	7%	7%	6%	6%	6%	6%	5%	5%	5%
Automated %	89%	90%	91%	92%	90%	91%	90%	91%	92%	93%	93%	93%	93%	95%	97%	97%	97%	96%	96%	97%	96%	97%	97%	96%

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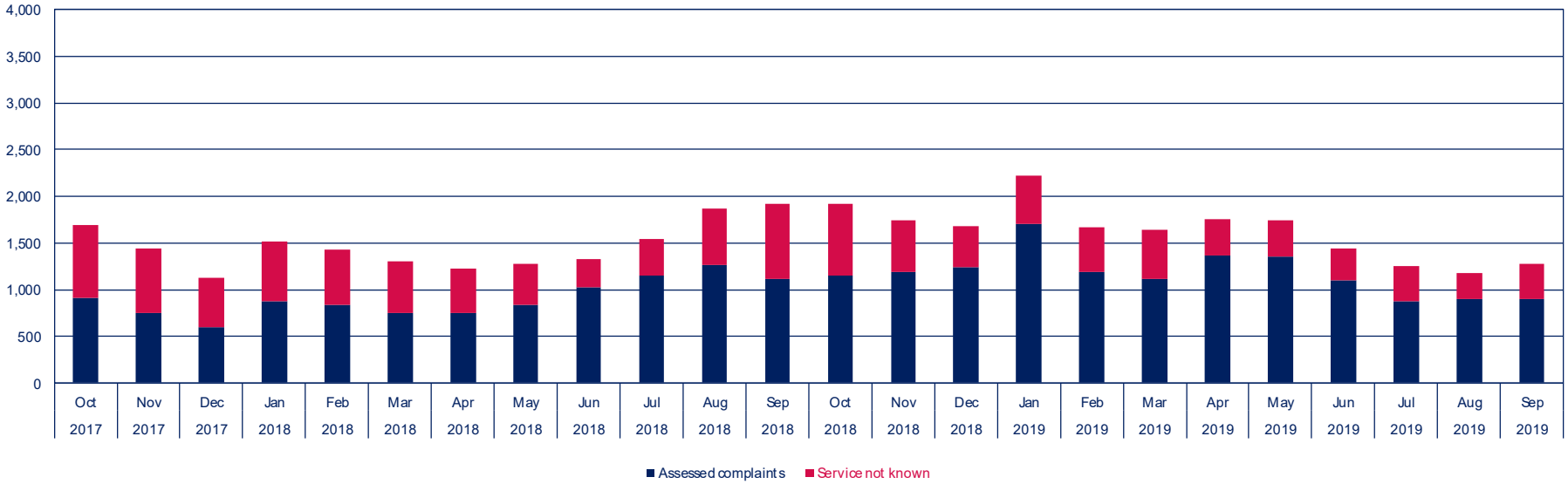
Total Complaints



	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019
Assessed complaints	916	752	596	871	835	743	753	842	1,023	1,154	1,259	1,117	1,152	1,195	1,235	1,699	1,190	1,117	1,369	1,351	1,095	869	894	899
Service not known	776	683	526	647	591	558	479	434	305	389	605	798	766	553	445	523	473	529	388	395	346	380	285	372
Total complaints	**1,692**	**1,435**	**1,122**	**1,518**	**1,426**	**1,301**	**1,232**	**1,276**	**1,328**	**1,543**	**1,864**	**1,915**	**1,918**	**1,748**	**1,680**	**2,222**	**1,663**	**1,646**	**1,757**	**1,746**	**1,441**	**1,249**	**1,179**	**1,271**
% service not known	46%	48%	47%	43%	41%	43%	39%	34%	23%	25%	32%	42%	40%	32%	26%	24%	28%	32%	22%	23%	24%	30%	24%	29%

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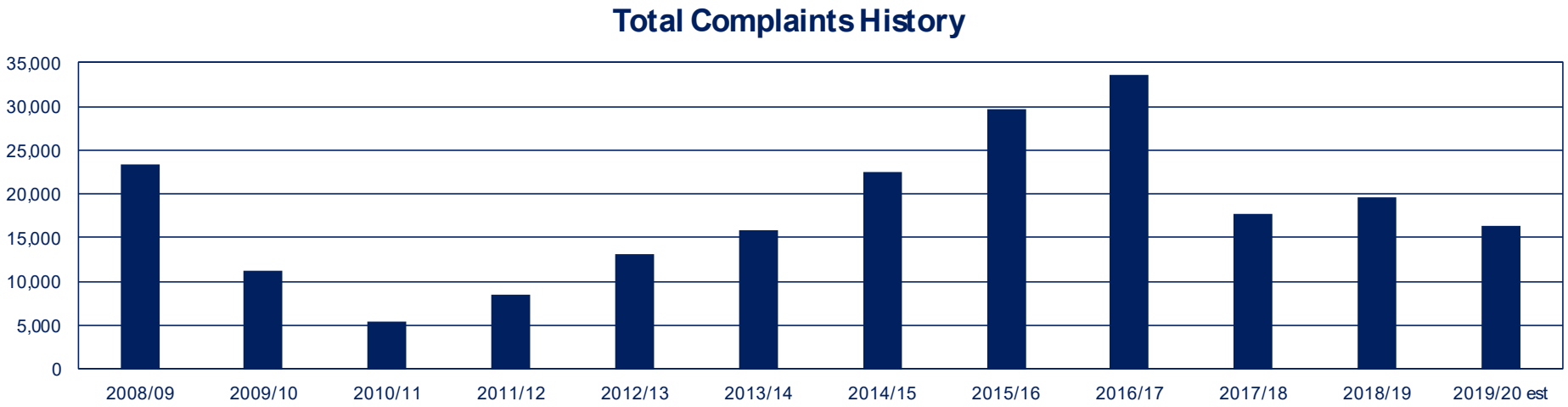

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20 est
Total Complaints	23,278	11,260	5,376	8,499	13,021	15,823	22,567	29,722	33,610	17,652	19,520	16,269

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	2017 Oct	2017 Nov	2017 Dec	2018 Jan	2018 Feb	2018 Mar	2018 Apr	2018 May	2018 Jun	2018 Jul	2018 Aug	2018 Sep	2018 Oct	2018 Nov	2018 Dec	2019 Jan	2019 Feb	2019 Mar	2019 Apr	2019 May	2019 Jun	2019 Jul	2019 Aug	2019 Sep
Virtual Gifts	17	7	10	56	36	36	57	39	61	81	94	119	209	288	309	428	269	292	311	328	292	241	317	332
Games or apps charged to my bill	252	235	189	317	277	213	176	275	423	492	459	321	349	358	262	388	309	306	444	473	343	248	233	226
Internet based information services	277	229	243	320	324	281	261	299	315	307	395	365	307	309	387	515	311	250	392	306	224	174	161	149
Music or video content	176	108	40	64	64	66	64	45	46	75	88	103	66	62	67	100	66	56	63	52	72	89	79	64
Directory enquiries	24	21	9	6	3	7	4	10	15	11	10	8	10	16	22	36	38	40	42	74	85	52	39	49
Ringtones, Ringback tones, Wallpapers etc	94	114	76	83	106	85	129	146	143	156	178	140	114	94	84	123	109	82	49	36	35	19	21	23
Tarot or Astrology	6	2	2	7	2	2	2	7	9	6	7	10	5	6	18	58	42	29	21	34	14	10	12	23
Non-Broadcaster competitions or quizes	31	9	11	7	13	12	3	1	2	6	15	15	54	33	36	23	24	34	20	26	12	18	14	12
Low cost international or reverse charge calling						1		2					1		1	1			1		1		1	3
Dating or Flirt services		1	2															4	6	6	2	2	1	2
Betting or Gambling	4		3	1	2	3	8	5	3	15	10	32	30	23	39	11	7	8	13	8	7	6		1
Customer service	1	4	3	6	4	3	11	6	3	2	3		3	6	7	8	7	8	6	5	5	5	1	
Adult content	22	11	6	2	2			1		1		3	4			5	6	8		2	1	1		
Charity donations	1					10	9	1																
TV or Radio Show Voting or Interaction																								
TV or Radio Competitions																								
Other/NA	11	11	2	2	2	24	29	5	3	2	0	1	0	0	3	3	2	0	1	1	2	4	15	15
Total assessed complaints	**916**	**752**	**596**	**871**	**835**	**743**	**753**	**842**	**1,023**	**1,154**	**1,259**	**1,117**	**1,152**	**1,195**	**1,235**	**1,699**	**1,190**	**1,117**	**1,369**	**1,351**	**1,095**	**869**	**894**	**899**

	2017 Oct	2017 Nov	2017 Dec	2018 Jan	2018 Feb	2018 Mar	2018 Apr	2018 May	2018 Jun	2018 Jul	2018 Aug	2018 Sep	2018 Oct	2018 Nov	2018 Dec	2019 Jan	2019 Feb	2019 Mar	2019 Apr	2019 May	2019 Jun	2019 Jul	2019 Aug	2019 Sep
Selected digital content services	746	600	491	763	704	603	562	668	860	966	1,046	916	941	1,033	1,047	1,467	993	944	1,252	1,233	1,016	804	829	820
Other services	170	152	105	108	131	140	191	174	163	188	213	201	211	162	188	232	197	173	117	118	79	65	65	79
	916	**752**	**596**	**871**	**835**	**743**	**753**	**842**	**1,023**	**1,154**	**1,259**	**1,117**	**1,152**	**1,195**	**1,235**	**1,699**	**1,190**	**1,117**	**1,369**	**1,351**	**1,095**	**869**	**894**	**899**
% selected digital content services	81%	80%	82%	88%	84%	81%	75%	79%	84%	84%	83%	82%	82%	86%	85%	86%	83%	85%	91%	91%	93%	93%	93%	91%

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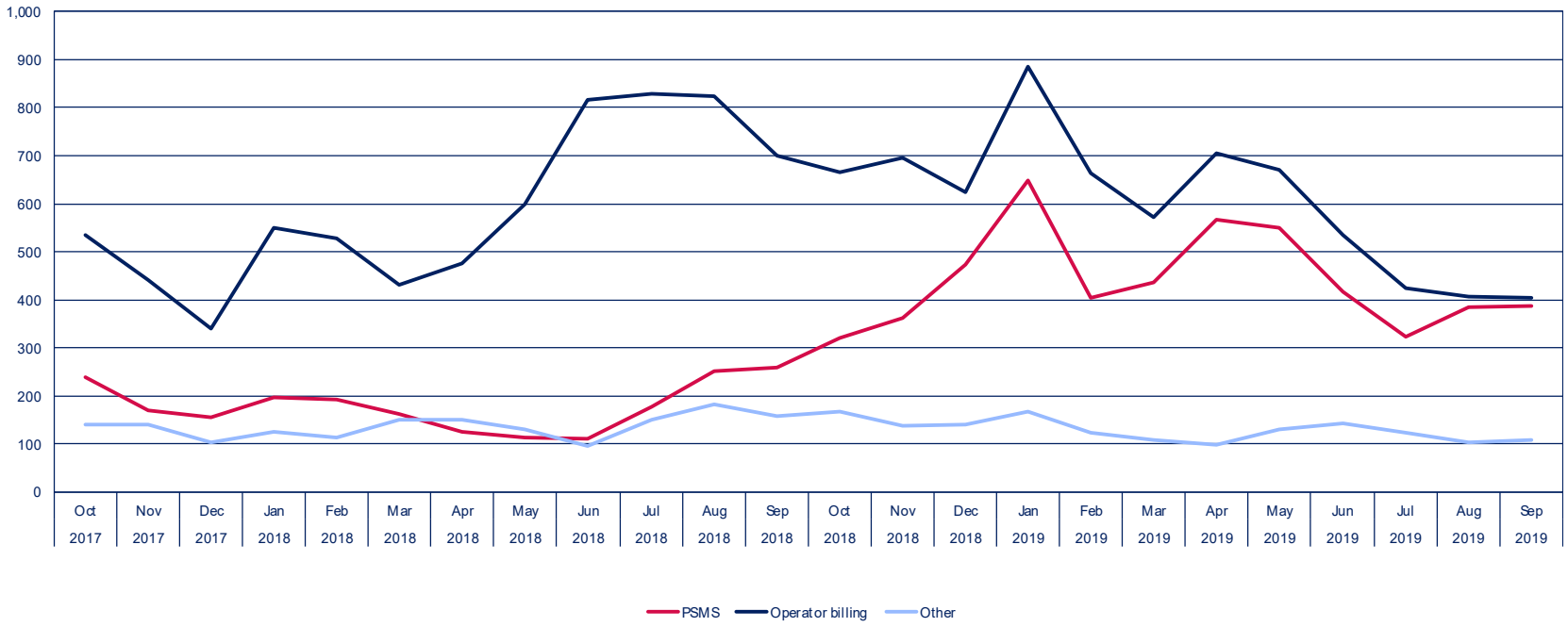
Total Assessed Complaints by Payment Type



	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019
PSMS	240	170	154	197	193	162	126	114	111	177	252	259	319	362	472	648	403	437	566	549	417	323	384	386
Operator billing	535	442	340	549	528	431	476	598	817	828	824	700	665	696	624	884	663	573	706	671	536	423	407	404
Other	141	140	102	125	114	150	151	130	95	149	183	158	168	137	139	167	124	107	97	131	142	123	103	109
Total assessed complaints	**916**	**752**	**596**	**871**	**835**	**743**	**753**	**842**	**1,023**	**1,154**	**1,259**	**1,117**	**1,152**	**1,195**	**1,235**	**1,699**	**1,190**	**1,117**	**1,369**	**1,351**	**1,095**	**869**	**894**	**899**

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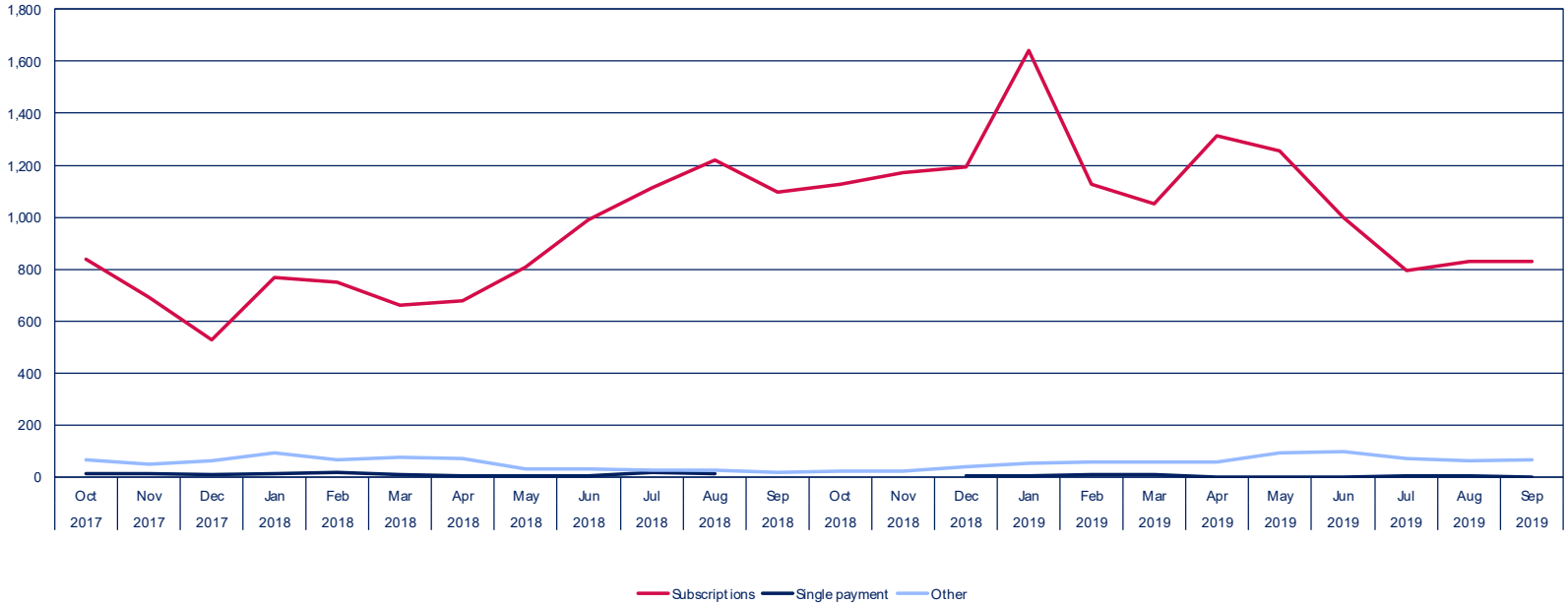
Total Assessed Complaints by Payment Frequency



	2017 Oct	2017 Nov	2017 Dec	2018 Jan	2018 Feb	2018 Mar	2018 Apr	2018 May	2018 Jun	2018 Jul	2018 Aug	2018 Sep	2018 Oct	2018 Nov	2018 Dec	2019 Jan	2019 Feb	2019 Mar	2019 Apr	2019 May	2019 Jun	2019 Jul	2019 Aug	2019 Sep
Subscriptions	840	691	526	766	750	662	679	806	990	1,115	1,221	1,098	1,128	1,172	1,193	1,642	1,125	1,052	1,312	1,257	997	796	829	830
Single payment	11	12	9	11	17	7	5	5	2	15	13		3		5	4	9	6	1	1	1	2	3	1
Other	65	49	61	94	68	74	69	31	31	24	25	19	21	23	37	53	56	59	56	93	97	71	62	68
Total assessed complaints	**916**	**752**	**596**	**871**	**835**	**743**	**753**	**842**	**1,023**	**1,154**	**1,259**	**1,117**	**1,152**	**1,195**	**1,235**	**1,699**	**1,190**	**1,117**	**1,369**	**1,351**	**1,095**	**869**	**894**	**899**
Subscriptions %	92%	92%	88%	88%	90%	89%	90%	96%	97%	97%	97%	98%	98%	98%	97%	97%	95%	94%	96%	93%	91%	92%	93%	92%

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Cases worked on in 2019/20	Open 1 April	Opened April - September	Changed April - September	Closed April - September	Open 30 September	Total cases worked on 2019/20 to date	Total cases worked on 2018/19	Total cases worked on 2017/18	Total cases worked on 2016/17
Initial Assessments	102	108	-43	76	91	167	255	347	498
EEA referrals	8	0	0	6	2	8	19	17	12
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Total pre-allocation cases	110	108	-43	82	93	175	274	364	510
Track 1	2	0	3	2	3	5	55	47	20
Track 2 – standard	41	0	39	14	66	80	57	68	53
Track 2 – DDRAC	1	0	1	1	1	2	1	1	1
Track 2 – appeal / oral hearing	1	0	0	1	0	1	1	5	6
Post adjudication – breach of sanctions	4	3	0	3	4	7	11	9	5
Post adjudication – naming	4	8	0	4	8	12	8	3	7
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Total investigations and enforcement cases	53	11	43	25	82	107	133	133	92
Total cases	**163**	**119**	**0**	**107**	**175**	**282**	**407**	**497**	**602**

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Open cases as at 30 September 2019	Pre-allocation cases		Investigations and enforcement cases						Total open	
Service type	Initial Assessments	EEA referrals	T1	T2 - standard	T2 - DDRAC	T2 - appeal	Breach of sanctions	Naming		
Games or apps charged to my bill	20			12			1		33	19%
Virtual gifts & payments	9	2	1	20					32	18%
Directory enquiries	16		2	6			3		27	15%
Internet based information services	7			12					19	11%
Music or video content	3			6					9	5%
Non-broadcast competitions	3			4					7	4%
Ringtones etc …	5			1					6	3%
Tarot or Astrology	4			2					6	3%
Customer service	3			2					5	3%
Adult	3								3	2%
Betting or Gambling	1								1	1%
Dating or Flirt chat services	1								1	1%
Low cost international calls	1								1	1%
Charity donations									0	0%
Games on social networks									0	0%
TV & radio competitions									0	0%
TV & radio voting or interaction									0	0%
Voice based information services									0	0%
Other/NA	15	0	0	1	1	0	0	8	25	14%
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Total open cases	**91**	**2**	**3**	**66**	**1**	**0**	**4**	**8**	**175**	

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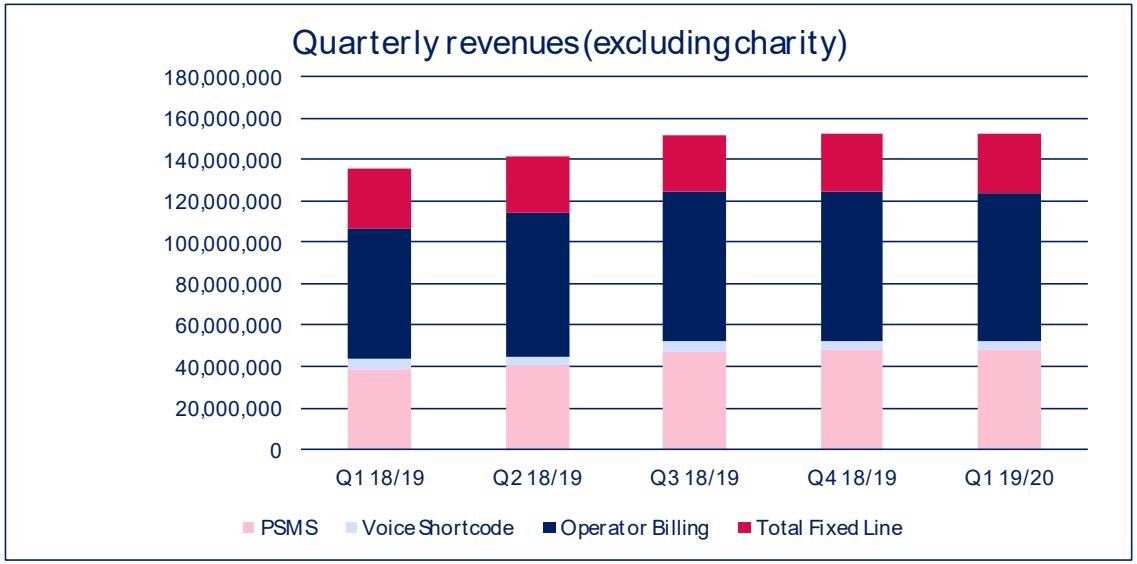

	Q1 18/19	Q2 18/19	Q3 18/19	Q4 18/19	Q1 19/20
PSMS	38,680,052	40,187,212	47,191,880	48,362,407	48,294,934
Voice Shortcode	4,813,225	4,751,465	5,198,879	4,265,243	4,289,410
Operator Billing	62,708,612	68,930,800	72,277,601	71,820,821	71,361,904
Total Mobile	106,201,889	113,869,477	124,668,360	124,448,471	123,946,249
118	8,973,411	7,680,078	7,161,068	5,673,739	3,098,840
09	12,737,258	12,354,428	13,395,748	17,318,641	19,881,407
087	7,733,933	7,366,639	6,519,134	5,224,488	5,758,470
Total Fixed Line	29,444,602	27,401,144	27,075,949	28,216,868	28,738,716
Total (excluding charity)	135,646,491	141,270,621	151,744,309	152,665,338	152,684,965

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Market Issues (current areas of heightened focus):

- ICSS, particularly advertised by android tray pop-ups
- Services with a link to Android malware (some on the Google Play store)
  - calling an 09 number
  - initiating DCB or PSMS charges
- Services with potential consent to charge issues
- Very recent emergence of services charging a high one-off fee (£40 for example) for 6 months access

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PSA Update for Industry Liaison Panel

22 October 2019

PSA Team

PSA updates since July 2019 ILP meeting:

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Busy summer - delivering the 2018-19 Business Plan:

- Subscriptions review statement published – new special conditions come into force on 1 November.
- Consent to charge guidance consultation – closed 10 October, considering responses.
- Research published:
  - AMR (20 August)
  - Futuresight research on refunds (29 August)
- Registration requirements – notice published, deadline for compliance 1 December.

PSA updates since July 2019 ILP meeting:

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Busy summer - delivering the 2018-19 Business Plan cont:

- VEOO case adjudication published - 13th September.
- Data retention – new guidance published and in force 19th September.
- ICSS review statement published – new Special Conditions in force 20th December.
- Workshops held with industry on:
  - Subscriptions services special conditions implementation
  - Refunds – pre-consultation workshop 3/10 (see earlier discussion)

PSA updates since July 2019 ILP meeting:

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Registration system update

- Consultation on new information, **Summer 2018**
- Consultation amended and extended **Autumn 2018**
- **PSA Statement issued September 2018**
- Workshops on usability **Summer 2019**
- System development
- Data from old system migrated successfully, no gap in service

PSA updates since July 2019 ILP meeting:

Registration system update (cont)

- System launched in **September 2019**

- 434 services registered so far –
  - dedicated registration helpdesk for issues: Registration@psauthority.org.uk
  - bulk upload facility available

- Next milestones on product roadmap:
  - By December – improved navigation to edit services, more system resources to improve speed
  - By January – new separate routes for Direct Carrier Billing and PSMS

Coming up:

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Priority projects for next 3-6 months

- Consent to charge consultation statement and publication of revised guidance
- Refunds – consultation on guidance, target early New Year
- Due diligence, risk assessment and control – consultation on new guidance, target end of FY 19/20

Business plan and budget 2020/21 headlines

- Strategic purpose
- Code 15 development (Industry Forum focus in Q4)
- Funding planning

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ILP Sector Update

22 October 2019

PSA Team

AoB

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ILP Arrangements 2019/2020

- 10th December Business Plan meeting – and where required, time allowed for extra topic discussions
- Next ILP meeting 11th February 2020

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PSA /Industry Liaison Panel Meeting

22 October 2019