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Dear Sir,

Proposed Code of Practice for Provision of Premium Rate Services
REPLY FROM I-WAP PTE LTD

As a pioneer content provider in Singapore, we are fully supportive and welcome any improvements in guidelines to better our services and obligations to our consumers. We take the proposed guidelines seriously and at the same time we hope that IDA will give due attention to our views.

In general, we feel that guidelines should be consistent with best practices adopted in similar industry and in a context that can be compared to apple for apple.

Some of the proposals in your paper though well meaning-ed are unnecessarily strict and are punitive when placed analogously with regular consumer products. We will elaborate further in this paper and hope that our perspective will be fairly digested.

A Perspective to Increased Absolute number of complains received from IDA
(Increased or Decreased ?)

Over the years, as industry players, we too have received an increased in consumers who call up our hotline. However, when we compare this with our increase in customer base, it becomes clear that we have far fewer complains today than before.

- i Consumers have become more savvy with the practices of the industry and are now at the better end of the learning cycle.
- ii Self-regulation within the industry have automatically weeded out poorer practices adopted in the early days.
- iii. The most important conclusion however, is that number of complains have actually dropped not increased. If IDA were to tabulate the absolute number of complains against the data/content revenues of the mobile operators in Singapore, we believe this will become very evident.
- iv If this is true, then some regulatory proposals unduly punish and impede the progress of the industry.

We hope this view is taken seriously.

Premium Rate Service Provider cannot collect payment (and must ensure that its billing agent does not collect payment) from any person who disputes a charge.

1. Principal of Equitability

Most frameworks will require a level of equitability. For example, one cannot claim the benefits of legal title without also assuming associated liabilities.

If we apply the principal of equitability, then it follows that a person, who disputes a charge, should also have his or her telecommunications services suspended until the matter is resolved.

If we contend that a PRS must forfeit his right to collect payment from a consumer who having consumed a service (at a cost to the content provider and mobile operator) simply because he or she disputes, then we must vide the principal of equitability, also suspend the consumers right to further use telecommunications services.

Clearly, IDA will not have this imposed on the consumer, yet the punitive effect of this proposal will lie solely on the parties who have already incurred costs while the consumer who has consumed without paying can willfully hide behind a flawed guideline.

As it stands, consumers who make disputes are already given a fair and due hearing by the telecommunications company as well as the premium service provider. If the dispute is proven to be a fair one, an agreed refund will be given.

2. Transparency of Guideline

Consider the repercussions if such a guideline are made fully aware to the public. The consideration is whether such a guideline is good to withstand general viewer-ship as opposed to internal use. In our opinion, this policy will open up a Pandora's box if exposed to the public.

One can only imagine what many typical Singaporean consumers would do; dispute and get away. The dispute will ultimately end at the footstep of IDA, who being supervisory rather than police cannot mediate with discretion, will require the case to close with consent of the consumer. Ultimately, the only way to close the case is for the content provider to accede reasonably or unreasonably just so as to close the case. At any rate, the party that stands to lose will be the content provider.

The predictable outcome is that IDA is likely to become very busy as a direct consequence.

This false sense of increased in consumer complains may then lead to another round of such an exercise. Rather self-imposed.

Suggestions

1. Any unilateral benefit-of-the-doubt approach as in the above proposal cannot be equitable. In a dispute, the principal of fair recourse should apply rather than a one sided policy favoring the consumer.
2. The better approach would be policies that arrests the issue at source:
 - i. Transparency of charging
 - ii. Limit dollar consumption per day
3. Compliment with improved Recourse Policies:
 - i. Guidelines of conditions to which PRS are encouraged to refund
EG: Double downloads or unutilized credits
 - ii. Service response policies
 - iii. Discretion by Mobile Operator to waive charges if not resolved by Content Providers within stipulated time.

The point is that the consumer cannot be charged without consuming a service and such consumption is necessarily evidenced in the transaction logs of the Mobile Operator.

As a country advanced in telecommunication services, we must uphold the integrity of our billing infrastructure.

Clearly this proposed policy is sending the wrong implied signal in this regard.

For any subscription services which auto-renews, the Premium Rate Service Provider must send a message to the customer, before the end of each subscription period, reminding them: (i) that the service is renewing; (ii) of the charges for the service; and (ii) of the unsubscribe process. For a service with a more than one-week subscription period, the Premium Rate Services Provider must send all of its customers a weekly reminder message (unless the customer expressly advises that they do not wish to receive such messages).

We can understand where IDA is coming from in the above implementation. Yet the proposal is counter commercial. Such symptomatic treatment of the problem will see no end.

1. The commercial motivation for the subscription model is a win-win one for both the consumer and the commercial entity. Consumers tend to gain with unlimited access as opposed to pay-per-view charges thus paying a fraction of the costs for services. In return, the commercial entity will gain in recurring income and savings on customer retention and marketing. No pretense is made on this. It is purely a commercial exchange.
2. The above proposal is thus not an invitation to renew but rather an invitation to the customer to terminate a service.
3. While it may sound like a policy to be fair to the consumer, commercially no other subscription models in general imposes such harsh measures to remind customers of their expense thus welcoming them to terminate a service that has been marketed at a costs. This is counter-commercial and does not reflect the pro-business charter of the country.

If I agree to subscribe to the News Publication, they will continue to charge me for the service. The News Publication doesn't have to send me a reminder message each month telling me how to un-subscribe to the Paper. Why are content providers being treated differently?

4. The requirement to send out numerous reminder messages will significantly increase the cost of doing business for content providers. This increased cost will cause content providers either go out of business or increase their retail charges to customers.
5. In fair play, the monthly bills from the mobile operator are more than sufficient to meet transparency requirements of subscription charges.

Suggestions:

1. In our opinion, IDA as an alternative can impose tighter guidelines at the point of subscription. This is fair. Customers are made fully aware of charges, frequency of renewals and means to terminate.

In may be worth noting that in the World Wide Web, recurring Credit Card charges adopted by World Class Payment gateways adopt the same approach by explicitly telling their customers that recurring charges will be charged at the specified intervals until unsubscribe.

2. The billing entry in the customer's monthly bill already reflects subscription charges. To tighten up, the billing description can be made to clearly reflect the billed item to be a subscription. This will be much more than sufficient to meet transparency issues.
3. The above suggestions in our opinion reflect a more enlightened approach than the symptomatic treatment of using reminders, which is costly to the mobile operators and content providers and would appear to be a step backwards for the industry.

50 Spare Tires

We are at the end of the day all for better practices. Still let us not take the industry one step back because of a few bad apples.

In digesting the proposed code, it becomes evident that the proposal is attempting to address too huge a scope. Our impression is that the code tries to provide a contingency for every perceivable argument.

It is like a taxi carrying 50 spare tires to provide safety for a field day where the Taxi could squeeze 50 passengers for a single trip. The correct contingency of course was to limit the passenger capacity to 4 in the first place. Then we will not need the additional spare tires.

IDA's proposed code, seems to require us to carry 50 spare tires because it has observed some rogue operators ferrying 50 passengers in their "taxis"

If we may be overly presumptuous here, the reason for these proposals is the direct result of these rogue operators NOT complying with Existing Tight Controls and not because the existing controls are insufficient.

So we urge that IDA goes after the rogue operators rather than to encourage continual bad practices by allowing them to ferry 50 passengers and then require compliant operators to carry 50 spare tires, which will raise the cost of business at the expense of the consumer.

If rogue operators were compliant in the first place (i.e. explicit with their pricing), then disputes over subscription charges will be kept at bay and disputes over any form of charges will not be alarming. What we are doing here instead is sending the wrong signal by telling the rogue operators that we have allowed them to get away with not complying with existing guidelines and we hope to catch them with new ones. Meanwhile, good “citizens” are left to shoulder the burden.

I share IDA’s concern to see that customers are treated fairly. I-WAP Pte Ltd has been in this market for some time, and we owe our longevity to the fact that we treat our customers well and provide them with the services they want. However, in regulating the rogue operators, it seems likely that IDA’s Code will drive out of the market many law-abiding and established content providers. This outcome would disadvantage customers and reduce the vibrancy of the market. I therefore believe that it is important for the Code to be focussed more on the rogue operators, so as to limit the costs that are imposed on the rest of the industry. Thank you for the opportunity to comment on this important issue

Best Regards

Christopher Seow
i-Wap Pte Ltd