



**STARHUB SUBMISSION  
ON  
CHARGING FOR MOBILE PHONE SERVICES:  
MOBILE-PARTY-PAYS (“MPP”)  
VS  
CALLING-PARTY-PAYS (“CPP”)**

**22 MARCH 2002**

**STARHUB'S RESPONSE TO IDA'S CONSULTATION PAPER –  
CHARGING FOR MOBILE PHONE SERVICES : MOBILE-PARTY-PAYS (“MPP”) VS  
CALLING-PARTY-PAYS (“CPP”)**

StarHub Pte Ltd and StarHub Mobile Pte Ltd (“StarHub”) appreciate the opportunity to comment on the issues of MPP vs CPP.

**General Comments**

StarHub has been a strong advocate of the CPP regime. It will be recalled that when IDA released its first consultation paper on this subject in Oct 1999, StarHub was the only respondent that supported the CPP regime. Since 1 April 2000, StarHub has introduced our version of CPP to the Singapore market through our Free Incoming Calls offer.

StarHub believes that it is important for consumers to have control over the cost of usage of services. In most countries, it is the originator of the call who pays for the entire cost of the call.

Under the present MPP regime, mobile subscribers pay for both outgoing and incoming calls. With CPP, consumers only pay for the outgoing calls that they originate. This gives the consumer greater control over his/her cost of usage of mobile services; and would lead to fewer disputes on the bills.

**Specific Comments**

- a) **IDA invites views on the financial, operational and behavioural implications and impact of the move to CPP charging method for mobile phone services. In particular, we would like comments on the likely impact on both mobile and fixed-line customers with the move to CPP.**

Impact on Mobile Customers

With the move from MPP to CPP, mobile operators will no longer charge their customers for receiving incoming calls. The experience in many countries that have shifted to CPP shows that more mobile users will leave their mobile phones on resulting in more successful call terminations.

Also, consumers are more likely to provide their numbers more freely, therefore resulting in more traffic moving to wireless platforms. Further, it is beneficial to small businesses that depend on mobile communications.

As stated above, the move to CPP gives consumers greater control over their cost of service usage as only the calling party pays for the call and not the called party.

Impact on Fixed Customers

There is a likelihood that the shift to CPP will result in an increase in tariffs for fixed-to-mobile calls. This is because fixed-line operators, who previously need not pay mobile operators for terminating mobile calls, would be required to pay Mobile operators for the airtime to terminate a mobile call.

While we believe this is in the best interest of the industry and consumers in general; it will require a substantial amount of education to the public.

- b) IDA therefore seeks views on the move to CPP, or the possible implementation of different charging methods for voice and data services. For example, CPP for voice and MPP for data services. Or to implement a single charging method i.e. either CPP or MPP, for both voice and data services.**

Wireless data (not SMS) is more complicated. But in principle, consumers should never have to pay for messages that they do not originate, or ask for. The concept of "Data flow control" should be adopted; where the person in charge of the flow of data to his/her handphone pays for the costs. While this may be straightforward for interactive sessions; it is more complicated in the area of person to person, or PC to Handphone messaging.

For example, a large image file sent via MMS to a handphone would consume substantial bandwidth and resources on the terminating end. Charging only the originator an amount to cover both ends might impede the growth of MMS. However, if structured properly, one could send an MMS which first asked the recipient if she wants to receive the message from a certain originator. This initial inquiry would be free; however, if the recipient gives permission, then the full MMS message could be read, and would be charged on the recipient's end as well. The recipient might also have the option of directing the MMS to a website, thus avoiding the charge. Again, the idea is giving consumers control over the flow of data and therefore allowing them to control their charged usage.

- c) IDA is interested in comments on the impact this change will have on the growth and usage of mobile data services and applications as compared to voice communications in Singapore.**

There is a likely need for two separate charging mechanisms for voice and data traffic. While it is possible to offer CPP for voice traffic, the usage patterns for data traffic is somewhat different. However, it must be noted that for this purpose data services only refers to packetised data services and excludes SMS.

At present, data services like GPRS are mainly "pull" services where the user sends a short message to request for information and receives information from the service provider. In most cases, the requesting message (uplink) comprises only small packets of data but the received information (downlink) can be quite sizeable and comprise large packets of data. It is natural for a consumer to expect to pay for the transport of both directions of data, as both the uplink and downlink data streams are under the full control of the originator, and the originator can end the session at anytime. This would be the case for either the MPP or CPP regime.

For data services, it is best to align the charging principles on the basis of "data flow control". As in the case of voice services, where CPP allows users to control their cost of usage, the same should apply for data services.

Mobile data services are still at its infancy stage and there is much development going on in this area including applications and equipment. Subscriber take-up of mobile data services is still increasing albeit slowly. Further, advancement in content and application development and deployment of sophisticated billing systems will avail to operators the option to adopt pricing strategies based on the user-perceived value of their services. Such strategies may or may not directly correlate the pricing of a service with the quantity of data sent or received. Given the newness of the technology and services, IDA should not mandate a charging regime but leave it to operators to develop new and innovative pricing plans that can attract customers to take up their services.

- d) **IDA also requests suggestions and views on the possible safeguards or solutions to address and prevent mobile customers from being “unfairly” charged for “push” type services (like e-advertising or spam on mobile services) under the MPP charging method.**

As with the Internet, it is difficult to control spamming and unsolicited mails. However, in many cases of e-advertising, subscribers will have agreed to receive such messages from advertisers. In such agreements, it is likely that the advertiser will pay for sending e-advertisements to subscribers and therefore subscribers will not need to pay for receiving such advertisements.

Spamming is not only a problem for mobile users but for all Internet users as well. It may be timely to address this growing problem on a larger scale and not just spamming via mobile services. It may therefore be appropriate to review the need for anti-spamming regulation in Singapore.

- e) **IDA invites comments on the changes necessary to the existing Fixed-Mobile Interconnection (FMI) framework with respect to the overall Interconnection Framework under the Telecom Competition Code. For example, O/T/T including interconnection configuration, provision & payment for Interconnection Links between operators etc if a CPP charging method is adopted.**

#### Interconnection Payments

- a) There is a need to review the interconnect payments originating and terminating on mobile networks. In the event that a different termination charge for fixed-to-mobile/mobile-to-mobile calls is justified, it will be necessary for IDA to take into consideration the following in its determination of the charge:
- (i) the need to adopt cost-based and symmetrical charging by mobile operators;
  - (ii) the costs incurred by each of the mobile operator to convey the calls;
  - (iii) the potential for any mobile operator(s) with substantial market share to compete on the premise of cheaper on-net calls. On-net calls refer to calls that are made between subscribers of the same service provider. In a CPP regime, such intra-network calls do not incur the additional inter-operator termination charge and are therefore cheaper as compared to inter-network calls; and
  - (iv) the potential for a dominant fixed licensee to set different retail tariffs depending on which mobile operator's network the calls terminate thereby giving preference to a particular mobile operator.

#### Interconnect Links

At present, mobile operators pay for the interconnect links provided by the fixed interconnecting operator. Even with a switch to CPP, provision of the interconnect links will continue to reside with the fixed interconnecting operator. The apportionment of the costs associated with the provisioning of these interconnect links should be left to be commercially determined among the parties involved.

## **Additional Comments**

### Implementation Timeframe

While StarHub supports the implementation of CPP, we feel that it is important for IDA to allow sufficient time for operators to work out operational issues such as :

- a) modification of billing systems (both inter-operator as well as subscriber billing);
- b) modification of existing or setting up new interconnection agreements/arrangements to cater to the CPP regime;
- c) modification of existing arrangements with overseas operators to ensure that international settlement arrangements/payments reflect the CPP regime in Singapore; and
- d) customer education especially since there is a strong likelihood that fixed line consumers will be faced with two retail rates, one for fixed-to-fixed calls and another higher tariff for fixed-to-mobile calls.

## **Conclusion**

StarHub believes that the move to a CPP charging regime will be beneficial to consumers as it gives them better control over their cost of mobile usage. However, the implementation of CPP must be industry-wide and termination rates must be mandated by IDA. Otherwise, as highlighted above, there will exist a potential for anti-competitive behaviour by mobile operator(s) with substantial market share through the imposition of high inter-operator termination charge to increase their own subscriber base. Consumers may also be confused by different charges depending on the network the called party is using.

Further, IDA must allow sufficient time to ensure that operational and consumer-related issues can be worked out.