

M1'S RESPONSE TO IDA'S PUBLIC CONSULTATION PAPER ON THE PROPOSED CODE OF PRACTICE FOR PROVISION OF PREMIUM RATE SERVICES

15 June 2007

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M1'S RESPONSE TO IDA'S PUBLIC CONSULTATION PAPER ON THE PROPOSED CODE OF PRACTICE FOR PROVISION OF PREMIUM RATE SERVICES (“CODE”)

1. M1 has been providing cellular mobile services to the Singapore market since 1 April 1997 and in 2000, we launched our international telephone services. In February 2005, M1 took the lead in introducing 3G technology and launching our 3G services. We launched the M1 Broadband service in December 2006, reaffirming M1’s commitment to offer customers high quality services that complements mobility with high speed and wide area coverage for data intensive applications in the home, office and mobile broadband market.
2. M1 welcomes IDA’s move to formulate a regulatory framework for premium rate services (“PRS”) to safeguard consumer interests by necessitating responsible service provisioning that support a growing and innovative PRS industry. We believe it will instil confidence in consumers / public and ensure a consistent level of service across the telecommunications industry that would improve the overall industry service standards. However, some refinements to the provisions may be necessary to balance between protecting the interests of consumers and addressing operational issues in the implementation. Proportionate regulation is important so as not to stifle the growth and development of an innovative PRS market.

Overview of IDA’s Proposed Code of Practice for Provision of PRS (“Code”)

3. M1’s view is that the proposed Code as currently drafted absolves the consumer of all his responsibilities, and places a consumer of telecommunications services in a disproportionately favoured position. Whilst there is a need to protect consumers, there must be a balance between that and the assumption of responsibility by the customers. Customers must take an equal responsibility when deciding whether to subscribe to a PRS, of remembering when these subscriptions expire, and accepting that no services are given for free. A review of the Code by IDA from this perspective would, therefore, be helpful.
4. We would also highlight two main implementation concerns here:-
 - 4.1 **Confirmation/Reminder/Unsubscribe Messages for Subscription-based Services**
 - 4.1.1 It is onerous for the PRS provider to keep on sending reminder messages for each and every subscription period (where length of subscription period is a week or less) or once a week (where length of subscription period is more than a week).
 - 4.1.2 The consumer/end user is already notified via Section 2.2.1(d) of the period of subscription and his/her obligation to unsubscribe from the service if they wish to discontinue their use of the service, and should be responsible to exercise their right to unsubscribe timely in the absence of any reminders. As long as the advertisement promoting the service is clear, as stipulated in Section 2.2 in the duty relating to advertisements, there is no reason why an end user should presume that continued usage of a service would come free.
 - 4.1.3 While the end user is given the option to decline receiving such reminders as provided in Section 2.5.4, the frequency of such reminders is likely to upset end users, and may even be

regarded as harassment messages, thereby affecting end user's relationship with the PRS provider.

- 4.1.4 For the service providers, the frequency of the reminders as proposed by the draft Code also impose a cost burden especially where such reminder messages are not chargeable, as stated in Section 2.5.5.
- 4.1.5 IDA could consider international practices adopted by other regulators in terms of appropriate frequency or requirements for reminder messages. For example:

Office of Communications, UK ("OFCOM")/Independent Committee for the Supervision of Standards of Telephone Information Services ("ICSTIS") Code of Practice¹

"Subscription reminders

Once a month, or every time a user has spent £20 if that occurs in less than a month, the information required under paragraph 7.12.4 above must be sent free to subscribers."

4.2 **Duty Relating to Disputes over Charges**

- 4.2.1 While we understand IDA's objective to safeguard consumers' interests, not all cases of disputed charges are justified. We have encountered end users that frivolously dispute charges without any valid grounds, just in order to avoid or delay payment. The current test is a subjective one, and the PRS provider is made to undertake a full and complete investigation where the end user 'reasonably' believes the charge to be incorrect.
 - 4.2.2 To deter frivolous complaints, there should be a provision providing for reimbursement of a investigation charge by the complainant if the latter ultimately is found liable for the disputed amounts.
5. In addition to the above, M1's detailed comments on the proposed Code are attached in Annex 1.

¹ ICSTICS, *Code of Premium Rate Services Approved under Section 121 of the Communications Act 2003 (Eleventh Edition)*, November 2006

ANNEX 1: M1'S COMMENTS ON IDA'S PUBLIC CONSULTATION PAPER ON THE PROPOSED CODE OF PRACTICE FOR PROVISION OF PREMIUM RATE SERVICES

Section	Description	Comments
1.2.1	<p>Definition of “Premium Rate Service”</p> <p>““premium rate service” means <u>any value-added service</u> provided over a public telecommunications network which consists of –”</p> <p>... (b) the <u>provision of a facility</u> to any person <u>including but not limited to</u> facilities for chat services, ...”</p>	<p>The definition of “premium rate service” is unnecessarily wide. It refers to the <u>provision of a facility</u> to any person <u>including but not limited to</u> facilities for chat services etc. This would include standard / basic value-added services such as caller ID etc which we understand are not meant to be covered by this Code, hence the use of the specific term “premium rate services” in lieu of “value added services”.</p> <p>We would propose that this definition be narrowed. Alternatively, exclusions may be stated such that value-added services which are not intended to be covered are not caught by this definition.</p>
1.2.1	<p>Definition of “Charge”</p> <p>““charge” includes –...”</p>	<p>For the avoidance of doubt, the definition should read, ““charge” <u>means the charge in respect of the premium rate service and</u> includes -...”</p> <p>That way, it is clear that charges in respect of the usual telecommunication services are not covered by this Code.</p>
2.2.1(d)(ii), 2.5.1(b) 2.6.1(b), 2.6.2(b), 2.6.3 & 2.6.4(b)	<p>Duties of Premium Rate Service Providers</p> <p>“... content or facilities ...”</p>	<p>For clarity, the phrase ‘content or facilities’ should be replaced with ‘<u>a premium rate service</u>’.</p>
2.5.1	<p>Duty to Provide Confirmation and Reminder Messages for Subscription-based Services</p> <p>“A premium rate service provider who provides – ... <u>shall upon receipt of an end user’s request to subscribe for such premium rate service, send a</u></p>	<p>There is no clear indication on the timing for the confirmation message to be sent to the end user. We would propose that, “... upon receipt of an end user’s request ... send a confirmation message to the end user ... <u>by no later than 24 hours commencing from his subscription to the service.</u>”</p>

Section	Description	Comments
	<p><u>confirmation message to the end user via the same medium by which the end user subscribed for the service or by SMS.</u> The confirmation message shall contain the following information –</p> <ul style="list-style-type: none"> (i) <u>acknowledgement of the end user’s subscription for the service;</u> (ii) <u>the charges payable for the service; and</u> (iii) <u>the step-by-step instructions on how he can unsubscribe from the service (including the unsubscription keyword command if applicable).”</u> 	<p>From an operational stance, with regards to the subscription reminder, the incorporation of the acknowledgement of end user’s subscription, charges payable, and step-by-step instructions on how to unsubscribe from the service would result in a 2-3 concatenated SMS, which not all mobile phones would be able to support.</p> <p>Therefore, M1 proposes that IDA review the requirements such that the content of the confirmation SMS could be contained within one SMS, i.e. 160 characters.</p>
<p>2.5.2(a) & Examples A & B</p>	<p>Duty to Provide Confirmation and Reminder Messages for Subscription-based Services</p> <p>“a premium rate service provider who provides a premium rate service referred to in section 2.5.1(a) shall <u>send a reminder message</u> to the end user via the same medium by which the end user subscribed for the service or by SMS by no later than 24 hours <u>before the end of each subscription period</u> and, where the length of the <u>subscription period is more than a week</u>, shall in addition <u>send a reminder message to the end user at least once a week during the subscription period</u> commencing from the date of his subscription to the service; and”</p>	<p>Please refer to our comments in the main paper and S2.5.1 above.</p> <p>As a balance, we propose that it would suffice if the premium rate service provider issues <u>one</u> reminder message 24 hours before the end of the <u>first</u> subscription period and no more. The reminder message could state that “no further reminders will be sent”, as the subscription charges would also be reflected in the monthly bill.</p>

Section	Description	Comments
2.5.2(b) & Example C	<p>Duty to Provide Confirmation and Reminder Messages for Subscription-based Services</p> <p>“a premium rate service provider who provides a premium rate service referred to in section 2.5.1(b) shall send a reminder message to the end user via the same medium by which the end user subscribed for the service or by SMS at least once a week commencing from the date of his subscription to the service until such time that the end user takes action to unsubscribe from the service.”</p>	<p>In line with our comments in the main paper and for S2.5.2 (a) above, we propose that it would suffice if the premium rate service provider issues <u>one</u> reminder in the first week with an explicit statement that “no further reminders will be sent”, as the subscription charges would also be reflected in the monthly bill.</p>
2.10.3	<p>Duty to Provide Clear, Accurate and Timely Billing</p> <p>A premium rate service provider shall ensure that every bill for its premium rate services, whether issued by the premium rate service provider or by its billing network operator, contains the following minimum information –</p> <p>(a) the name of the premium rate service provider as registered with the Accounting and Corporate Regulatory Authority of Singapore;</p> <p>(b) <u>the name of the premium rate service for which the person is being charged;</u></p> <p>(c) the charges incurred by the person for the service; and</p> <p>(d) <u>the premium rate service provider’s customer service hotline.</u></p>	<p>We would highlight to IDA that the current billing practice for resale services from other Licensees does not include the name of the service and their customer service hotline number, e.g. 1900 Audiotext services.</p> <p>This implementation will require modification of resale file format from PRS providers and system changes (bill description) at operators’ end which will take time.</p>
2.12.1	<p>Duty Relating to Disputes over Charges</p> <p>“A premium rate service provider shall not collect payment, and shall ensure that the relevant billing network operator does not collect payment, from any person who is charged for a premium rate service (referred to in this</p>	<p>Please refer to our comments in the main paper.</p> <p>S2.12.1 would be fairer if it reads “A premium rate service provider shall not collect payment ... where <u>the premium rate service provider receives notification by the person charged that he reasonably</u></p>

Section	Description	Comments
	section as the “person charged”) <u>where that person notifies the premium rate service provider that he reasonably believes the charge to be incorrect.”</u>	<u>believes the charge to be incorrect and where there appears to be reasonable grounds for disputing the charge.”</u>
2.12.5	Duty Relating to Disputes over Charges “A premium rate service provider shall – (a) in relation to a person who pays a charge but who subsequently chooses to dispute the charge, afford such person the period of 1 year starting from the due payment date of the charge to dispute the charge; and (b) in relation to a person who purchases a pre-paid premium rate service but who subsequently chooses to dispute any charge deducted from the pre-paid value, afford such person the period of 1 year starting from the date on which the charge was deducted to dispute the charge.”	End users should exercise care before making payment. Payment of the bill or pre-payment is generally regarded as an agreement of the charge specified within the bill or the prepaid amount. As the service providers would over time archived their records pertaining to the paid transaction, the service provider should be allowed to charge an administrative fee to cover the retrieval fees where a paid charge is subsequently disputed.
2.14	Duty relating to Use of End User Service Information (“EUSI”)	We propose to include, “ <u>Nothing in this Code prohibits a Licensee from allowing other entities to include promotional or other material in any mass mailing that the Licensee makes to all or a selected portion of its End Users, provided that the Licensee does not disclose the EUSI of any End User that has not provided consent.</u> ” as taken from the Code of Practice for Competition in the Provision of Telecommunication Services 2005 for joint marketing practices. ²
3.3.1	Duty to Assist in Disputes over Charges	In addition to our comments on S2.10.3

² Telecommunications Act (Chapter 323), *Code of Practice for Competition in the Provision of Telecommunication Services 2005*, S 87/2005

Section	Description	Comments
	<p>“Where a billing network operator issues a bill to a person for payment ... the bill contains the following minimum information –</p> <p>(a) the <u>name of the premium rate service provider as registered with the Accounting and Corporate Regulatory Authority</u>; ...</p> <p>(d) the <u>premium rate service provider’s customer service hotline</u>.</p>	<p>above.</p> <p>A premium rate service provider may be aggregating for several brands of services. Hence, the imposition of the requirement to reflect the name of the premium rate service provider as registered with Accounting and Corporate Regulatory Authority (“ACRA”) may create confusion to end users. Such registered names may also be too long and complicated to reflect in the bill description, depending on system limits.</p> <p>There are also premium rate service operators that are based overseas. Our view is that the current practice of providing the support <u>email address</u> of the premium rate service provider would suffice, as most end users would not be willing to make an international call to clarify their bills.</p> <p>Overall, our concern is that the proposed requirements may create confusion for end users while imposing additional business costs on the industry. A review of practices adopted in other legislations, e.g. the Australian Communications and Media Authority (“ACMA”) / Telephone Information Services Standards Council (“TISSC”)³ and OFCOM/ICSTICS⁴ shows that they do not prescribe how customers’ bills should be presented.</p>
3.3.2	<p>Duty not to Bill for Premium Rate Services Provided for Non-Licensed Parties</p> <p>No billing network operator shall bill any person for any premium rate service</p>	<p>For resale services, the billing network operator may not have the visibility as to whether the premium rate service provider is licensed by IDA. Hence, the Licensee that engages the premium rate service provider and re-sells the services to network operators, should be responsible to ensure</p>

³ TISSC, *Code of Practice*, No 1 of 1/1/02 – April 2007 version

⁴ ICSTICS, *Code of Premium Rate Services Approved under Section 121 of the Communications Act 2003 (Eleventh Edition)*, November 2006

Section	Description	Comments
	provided by a party that is not licensed by IDA to provide such premium rate service.	that the premium service providers are licensed by IDA.
3.3.2	<p>Duty to Assist in Disputes over Charges</p> <p>“Notwithstanding section 3.3.1 above, in the event that a person charged contacts the billing network operator to dispute the charge, the billing network operator shall provide <u>reasonable assistance</u> to assist such person to resolve the dispute with the premium rate service provider.”</p>	<p>It should be added, “<u>For the avoidance of doubt, where a person charged contacts the billing network operator to dispute the charge, the billing network operator shall be entitled to :</u></p> <p>(i) <u>refer the dispute to the premium rate service provider where the billing network operator has exhausted all means of verification of the charge without the premium rate service provider’s input; and</u></p> <p>(ii) <u>disclose any part of his EUSI necessary to assist such person in resolving the dispute with the premium rate service provider, to the premium rate service provider.</u>”</p> <p>It is inefficient for the billing network operator to be heavily involved in the dispute resolution process, as it is the premium rate service provider that has the usage records. At the same time, it is almost impossible for the premium rate service provider to resolve the dispute directly where end user refuses to let billing network operator disclose any of his information registered with the billing network operator to the premium rate service provider.</p>
3.3.3	<p>Duty to Assist in Disputes over Charges</p> <p>“A billing network operator shall not collect payment for any charge <u>which the person charged reasonably believes to be incorrect</u> pending the resolution of the disputed charge.”</p>	<p>We suggest amendment of this to read, “A billing network operator shall not collect payment for any charge <u>in respect of the premium rate service in like manner as a premium rate service provider would not under Section 2.12.1</u> pending the resolution of the disputed charge”.</p> <p>This ties in with our proposed amendments</p>

Section	Description	Comments
		to the definition of “charge”, S2.12.1 above, and would prevent an end user from abusing this section by refusing to pay for other charges (which may include for example subscription charges for the mobile line, voice usage charges, etc. which were properly billed).
4.3.2	Information to be Complete, Truthful and Accurate “In the event that IDA discovers <u>any information provided by a relevant licensee to be incomplete, false or inaccurate in any material particular, IDA may –</u> “	M1 proposes amendments to read, “In the event IDA discovers a relevant licensee has wilfully given any incomplete, false or inaccurate information – ”
4.6.2(g)	Financial Penalties “(g) whether the licensee supplied any incomplete, inaccurate or false information as part of its defence.”	We suggest amendments to read, “ Aggravating factors may include – (g) whether the licensee wilfully supplied any incomplete, inaccurate or false information as part of its defence.”
4.6.3	Financial Penalties “Mitigating factors may include:”	M1 proposes to add, “ (f) whether the contravention was a one-off, isolated incident. ”
4.7	Suspension or Cancellation of Licence “In serious cases where IDA is satisfied that a licensee has contravened, <u>and is likely to again contravene</u> , any provision of this Code or that the public interest so requires, IDA may cancel or suspend the relevant licence under Section 8 of the Act.”	We suggest the amendment of this clause to read, “ In serious cases where IDA is satisfied that a licensee has contravened any provision of this Code or that public interest so requires, IDA may cancel or suspend the relevant licence... ” As the suspension or cancellation of the licence is a drastic measure, this should only take place where there is an actual contravention of the Code.
4.8.1(b)	Reconsideration Requests and Appeals	Please insert the missing comma after the word ‘Minister’.

Section	Description	Comments
	“(b) appeal to the <u>Minister</u> ”	
4.8.2	<p>Reconsideration Requests and Appeals</p> <p>“A relevant licensee may not present new facts or representations for the first time in a reconsideration request if the licensee could have presented such fact or representation before IDA rendered its decision and cannot demonstrate that it had good cause for failing to do so.”</p>	<p>We recommend the amendment of this clause to read, “A relevant licensee may not present new facts or representations for the first time ... if the licensee could have <u>reasonably</u> presented such fact or representation before IDA rendered its decision...”</p>