

SINGAPORE TELECOMMUNICATIONS LIMITED

SUBMISSION TO THE INFO-COMMUNICATIONS DEVELOPMENT AUTHORITY OF SINGAPORE

PROPOSED CODE OF PRACTICE FOR PROVISION OF PREMIUM RATE SERVICES

1. STATEMENT OF INTEREST

- 1.1 The SingTel group has a comprehensive portfolio of services that includes voice and data services over fixed, wireless and Internet platforms. The SingTel group companies comprise of Singapore Telecommunications Ltd, Singapore Telecom Mobile Pte Ltd, Singapore Telecom Paging Pte Ltd and SingNet Pte Ltd (collectively **SingTel**). The SingTel group provides services to both corporate and residential customers and is committed to bring the best of global communications to its customers in the Asia Pacific and beyond.
- 1.2 As a leading provider of telecommunications services and a leading proponent of innovation and competition, the SingTel group has a strong interest in effective pro-competition regulation of Singapore's telecommunications industry.
- 1.3 In May 2007, the IDA released a consultation paper entitled "Proposed Code of Practice for Provision of Premium Rate Services" (**Proposed Code**).
- 1.4 SingTel submits its comments below.

2. SUMMARY OF MAIN POINTS

- 2.1 SingTel's major comments on the Proposed Code are as follows:
 - SingTel submits that whilst the IDA's intention to provide guidelines to parties who wish to offer premium rate services is commendable, there is no need for the

Proposed Code to apply to Facilities-based Operators (**FBOs**) that offer premium rate services, e.g. mobile FBOs.

- FBOs, such as mobile FBOs, are already subject to, and have incentives to comply with, existing regulatory requirements, including those in the Telecom Competition Code 2005.
- FBOs, such as mobile FBOs, have clear processes in place for contracting with end-users in relation to their services and offers, including any services that may be ‘premium rate’ services. The requirements of the Proposed Code therefore appear unnecessary.
- SingTel recommends that the IDA review the requirements in the Proposed Code to avoid subjecting the content industry to over-regulation.
- The IDA proposal in Section 3.3 of the Proposed Code creates an automatic obligation for a third party, i.e. the network provider, in relation to services contracted for between two (2) other parties. It is the responsibility of the premium rate service provider (**Premium Rate Service Provider** or **PRS Provider**) to provide the necessary assistance for disputes and billing to its end – user; similarly, it is the responsibility of an end-user to be careful with the use of premium rate services and to avail themselves of the necessary information in relation to the use of premium rate services.
- Where the IDA considers it necessary to apply the specific requirements of the Proposed Code, namely those in Section 2, to PRS Providers, specific proposals in the Proposed Code should be aligned with those already covered in the Telecom Competition Code 2005.
- SingTel also provides specific comments in relation to aspects in Section 2 of the Proposed Code, e.g. the obligation to indicate the charges in all chargeable messages sent to an end-user is unnecessary, given the obligation to provide this information upfront before the end-user purchases the service, the frequency of reminder / confirmation messages is unnecessary etc.

- SingTel proposes that the drafting of certain sections of the Proposed Code be amended or simplified.

3. GENERAL COMMENTS

- 3.1 SingTel welcomes the IDA proposal to provide guidelines to parties who wish to offer premium rate services to the market.
- 3.2 SingTel believes that the IDA's intention to provide guidelines is commendable. However, SingTel believes that application of the requirements of the Proposed Code on FBOs is not warranted. Accordingly, SingTel submits that different approaches be taken in respect to the premium rate services offered by PRS Providers that are FBOs, for example mobile FBOs and the premium rate services offered by PRS Providers that are not FBOs.
- 3.3 In addition, SingTel is also concerned that the Proposed Code may inadvertently result in over-regulation of the industry.

Proposed Code not necessary for Mobile FBOs that offer PRS

- 3.4 Premium rate services can be provided by different parties in the market, namely:
- (a) Value-added service providers who offer services such as ring tone downloads, SMS chat services, mobile games etc. These service providers do not operate any telecommunications networks and are not FBOs. To offer their services, they merely procure telecommunications services, e.g. leased lines, and set up their own servers. Contracting with customers is done vide SMS or over the telephone. These service providers generally require a Services-based Operator (**SBO**) licence from the IDA in order to be PRS Providers.
- (b) FBOs who operate a telecommunications network. For example, mobile FBOs like SingTel Mobile, StarHub Mobile and M1 obtain an FBO licence from the IDA to rollout their network. FBOs are subject to a higher licence fee structure and more onerous licence conditions. A mobile FBO's core business, however, is not the provision of the services described above. A mobile FBO primarily offers

- mobile communication services that enables both voice and data transmission, including data downloads via General Packet Radio Service (**GPRS**), High Speed Data Packet Access (**HSDPA**) and / or 3G services. Mobile FBOs generally have a more sophisticated contracting process and run large call centres to serve their customers. Services such as news downloads, for example, are offered as value-added services (**VASes**) to the primary mobile communications service.
- 3.5 Whilst FBOs and SBOs are all subject to IDA's licensing and regulatory framework, FBOs are subject to a greater degree of regulatory oversight via the requirements of the Telecom Competition Code 2005 and have incentives to comply with the requirements of the regulatory framework because of the scale of their operations and the services they offer.
- 3.6 For example, SBOs offering a variety of services are exempted from the obligation in Section 3.2.7 of the Telecom Competition Code 2005 and are not required to disclose service quality information¹. Similarly, unless specifically designated, SBOs are not considered Designated Telecommunication Licensees for the purpose of Section 10 of the Telecom Competition Code 2005.
- 3.7 FBOs like SingTel, SingTel Mobile, StarHub, StarHub Mobile and M1 therefore differ significantly from SBOs in terms of the level of regulatory oversight. FBOs are cognisant of their obligations to their end-users and also comply with the requirements of the Telecom Competition Code 2005.
- 3.8 In light of the above, SingTel that the Proposed Code should only apply to SBOs. FBOs such as SingTel, SingTel Mobile, StarHub, StarHub Mobile and M1 should be excluded as they are subject to the requirements of the Telecom Competition Code 2005, as outlined below.

¹ Telecommunications (Exemption from Telecom Competition Code – Service Quality Information Disclosure Requirements) Notification 2005, 18 February 2005.

Requirements of Telecom Competition Code 2005 are sufficient

3.9 Section 3 of the Telecom Competition Code 2005 requires that any IDA licensee should comply with the following:

- Section 3.2.1 Duty to Comply With IDA’s Quality of Service Standards
- Section 3.2.2 Duty to Disclose Prices, Terms and Conditions
- Section 3.2.3 Prohibition on Disproportionate Early Termination Charges
- Section 3.2.4 Restrictions on Service Termination or Suspension
- Section 3.2.5 Prohibition on “Slamming”
- Section 3.2.6 Duty to Prevent Unauthorised Use of End User Service Information
- Section 3.2.7 Service Quality Information Disclosure Requirements
- Section 3.3 Mandatory Contractual Provisions
- Section 3.3.1 Billing Period
- Section 3.3.2 Prices, Terms and Conditions on Which Service Will be Provided
- Section 3.3.3 No Charges for Unsolicited Telecommunication Services
- Section 3.3.4 Procedures to Contest Charges
- Section 3.3.5 Private Dispute Resolution
- Section 3.3.6 Termination or Suspension of Service by Licensee
- Section 3.3.7 Use of End User Service Information

3.10 Section 3 obligations comprise of the minimum obligations that any licensee would have to its end-users. In particular, they require that a licensee provides advance notification of its prices, terms and conditions of services to an end-user, not provide an end-user with services (and charge for them) where the service has not been requested for, bill the end-user in a timely manner, allow an end-user to dispute charges and requires the licensee to investigate and provide responses to the end-user as well as places restrictions on the licensee’s use of an end-user’s information.

3.11 Licensees, in particular the FBOs, are required to comply with all these obligations. As such, SingTel believes that the requirements of the Telecom Competition Code 2005 are clear, detailed and provide sufficient regulatory oversight in respect to an FBO's provision of premium rate services.

Over – regulation of content provision

3.12 SingTel submits that whilst the Proposed Code attempts to provide guidance to the industry on acceptable business practice(s) in relation to the offer of premium rate services, the requirements may in fact result in over-regulation and also dampen the development of the content industry.

3.13 As the IDA is aware, there are currently various forms of regulation that would apply to parties who wish to offer content services, for example:

- (a) the Telecom Competition Code 2005;
- (b) the Broadcasting Act;
- (c) the Audiotext Code of Practice;
- (d) the Internet Code of Practice; and
- (e) the Spam Control legislation, which has been passed by Parliament in April 2007.

3.14 In light of the various instruments, we are concerned that there is a potential for over-regulation of the industry, resulting in an increase in compliance costs to be borne by the industry and resulting in an overall dampening effect on content development.

3.15 In particular, we note that the intent of the Proposed Code could also be replicated in the impending Spam Control legislation, for example:

- (a) The requirement for consent to receive the content
- (b) The requirement for unsubscribe facilities

- 3.16 However, the requirements of the Proposed Code are more prescriptive, including very specific requirements to advertisements, very specific requirements to reminders and confirmation messages etc. We note for example, that the need for frequent reminders and the specific prescriptive requirements in relation to advertisements may have a negative cost effect on the content industry.
- 3.17 SingTel strongly recommends that the IDA review the requirements of the Proposed Code with a view to lessening any adverse dampening effect on the industry whilst still facilitating good business practices.

4. SPECIFIC COMMENTS ON SECTION 3 OF THE PROPOSED CODE

Requirements of Section 3.1 of the Proposed Code

- 4.1 The IDA proposes that network operators, e.g. FBOs, who offer premium rate services would also be subject to Section 2 of the Proposed Code, which includes:
- (a) Duty to disclose prices, terms and conditions;
 - (b) Duty relating to advertisements;
 - (c) Duty relating to unsolicited free services;
 - (d) Duty relating to services which can be purchased or subscribed via electronic messaging;
 - (e) Duty to provide confirmation and reminder messages for subscription-based services;
 - (f) Duty to enable end users to unsubscribe from subscription-based services;
 - (g) Duty to charge only for content;
 - (h) Duty to indicate charges in all chargeable messages;
 - (i) Duty relating to chat services;
 - (j) Duty to provide clear, accurate and timely billing;
 - (k) Duty not to charge for unsolicited services;
 - (l) Duty relating to disputes over charges;
 - (m) Duty to maintain customer service hotline and record of complaints; and
 - (n) Duty relating to EUSI.

- 4.2 As SingTel has stated above, FBOs are already subject to similar requirements under the Telecom Competition Code 2005. Further, FBOs will also be obliged to comply with the impending Spam Control legislation.
- 4.3 SingTel therefore submits that there is no need for the IDA to impose the requirements of Section 2 of the Proposed Code on FBOs in relation to their offer of premium rate services. We further elaborate on this below.

FBOs' offers

- 4.4 Whilst the IDA's proposal prescribes equivalent treatment across for any party that intends to offer premium rate services, it does not take appropriate account of the existing regulatory requirements or practices that are already in place for FBOs.
- 4.5 FBOs today may choose to acquire premium content services and package them with their communication services. For example, a mobile FBO may offer as a Value-added Service (VAS), the ability to receive news content on their phone where the VAS is charged at \$x per month with every receipt of news content chargeable at \$y per SMS.
- 4.6 FBOs already outline their prices, terms and conditions on their websites, provide adequate information for their VASes, run hotline services and are responsive towards the needs of their customers.
- 4.7 End-users, in particular, subscribe for services with the FBOs in specific manners, e.g. at the customer service counters when renewing their mobile phone packages or when purchasing handsets. When doing so, they avail themselves of the necessary information on the packages, including the VASes. In short, end-users who apply with an FBO for a VAS do so within a "walled garden"; the offer of such services by an FBO should therefore not be treated in the same way as services offered by, for example an SBO, given that FBOs are already well regulated as mentioned.

- 4.8 This would invariably differ from the experience that end-users currently may have with other PRS Providers.
- 4.9 Furthermore, the FBOs have an inherent incentive to ensure that their obligations to their end-users are in line with best market practices, which includes offering consumers the means to make enquiries, raise disputes over charges, provide the terms and conditions of the service via various means, including their websites and the contracts, provide clear and timely billing and to protect an end-user's information.
- 4.10 In short, end-users have transparency in their contractual relationship with the FBOs and have specific recourse(s) in relation to the disputes they may have on the charges imposed or levied by the FBOs, whether it is for a premium rate service or for a telephone service; such recourse are contained in the contracts that they sign with the FBOs.
- 4.11 Imposing the requirements of Section 2 of the Proposed Code on FBOs is therefore unwarranted and unnecessary.
- 4.12 On the contrary, end-users of FBOs who offer premium rate services may in fact raise complaints on the necessity of the various requirements. For example, the need for reminder messages every week may constitute a nuisance to end-users of FBOs for this same reason.
- 4.13 Accordingly, SingTel recommends that the IDA exclude mobile FBOs from the application of the Proposed Code. FBOs should continue to be subject to the regulatory requirements already set out in the Telecom Competition Code 2005.

Requirements of Section 3.2 of the Proposed Code

- 4.14 SingTel agrees with the IDA's requirement that a network provider should not bill for premium rate services provided by non-licensed parties but we note that a

corresponding requirement to ensure that the FBO is notified of the license status should be imposed on the PRS Provider itself.

- 4.15 A PRS Provider should therefore have an obligation to notify the network operator of the effective date of its licence granted by the IDA and also notify the network operator when its licence is ceased, suspended or terminated, for any reason, such that the network operator can make the necessary arrangements.
- 4.16 Furthermore, in order for network operators to comply with this obligation, the IDA should also consider notifying the network operators when a PRS Provider's licence has been ceased, suspended or terminated.
- 4.17 For the avoidance of doubt, such situations should not remove the right of the network operator to continue billing for charges incurred or services used till the date that the licence is ceased, suspended or terminated.

Requirements of Section 3.3 of the Proposed Code

- 4.18 The IDA requests that network operators comply with requirements to assist in disputes over charges.
- 4.19 The IDA proposal recognises that network operators who are merely billing agents are not responsible for the provision of the premium rate service and therefore cannot be responsible for the obligations as set out in Section 2 of the Proposed Code.
- 4.20 FBOs who are network operators already provide assistance to their end-users for disputes raised about charges levied by third party PRS Providers. For example, they:
- (a) assist in taking down the complaints;
 - (b) forward these to the third party PRS Provider;
 - (c) follow up on the progress; and
 - (d) print the contact number and details of the PRS Provider on bills.

- 4.21 However, with the requirement as set out in Section 3 of the Proposed Code, in particular Section 3.3, the IDA has created an automatic obligation for the services provided by a third party, i.e. the network operator, for the services contracted between the PRS Provider and the end-user.
- 4.22 The IDA proposal will therefore lead to the imposition of regulatory obligations in respect of the activities of a third party, which albeit the network operator bills on behalf of, has no specific control over.
- 4.23 The IDA proposal may in fact lead to complacency on the part of both the end-user and the third party PRS Provider in relation to managing disputes over charges.
- 4.24 SingTel submits that it is the responsibility of the third party PRS Provider to provide the necessary assistance for disputes and billing to its end – user; similarly, it is the responsibility of an end-user to be careful with the use of premium rate services and to avail itself with the necessary information in relation to the use of premium rate services.

5. SPECIFIC COMMENTS ON SECTION 2 OF THE PROPOSED CODE

- 5.1 Without prejudice to our view that FBOs should be excluded from the application of the Proposed Code, SingTel have reviewed Section 2 of the Proposed Code and provide our views and comments below.

Requirements of Section 2.1 of the Proposed Code – Duty to disclose prices, terms and conditions

- 5.2 SingTel notes that the obligation is similar to Section 3.2.2 of the Telecom Competition Code 2005. SingTel recommends that the drafting be aligned with that of the Telecom Competition Code 2005. However, the Proposed Code should indicate that the requisite obligation rests with the PRS Provider.

- 5.3 SingTel notes that the alignment is necessary to ensure that any processes that the licensees or operators may have already put in place for compliance with the Telecom Competition Code 2005 are not disrupted.

Requirements of Section 2.3 of the Proposed Code – Duty relating to unsolicited free services

- 5.4 The Proposed Code overlooks the fact that currently, customers who sign up for promotional packages with FBOs may already obtain periods of free subscription to VASes and the contracts will indicate that prevailing charges will apply when the free period end. We note that this should suffice.

Requirements of Section 2.5 of the Proposed Code – Duty to provide confirmation and reminder messages for subscription-based services

- 5.5 The requirements of Section 2.5.1 (a) and (b) (confirmation messages) appear to apply to situations which are not significantly different, i.e. subscription either renewed automatically or ongoing. SingTel recommends that the drafting be amended to avoid confusion.
- 5.6 Moreover, the Proposed Code overlooks the fact that the typical length of any text message is 160 characters, which makes it not viable, nor practicable, to provide for all the information outlined in Section 2.5.1 (b) (i) to (iii).
- 5.7 SingTel also recommends that the requirement in (b) (ii) be removed as this information has already been given to the end-user prior to the end-user's subscription to the service. It should not be a requirement in the confirmation message.
- 5.8 The requirements of Section 2.5.2 (a) and (b) (reminder messages) also appear to apply to situations which are not significantly different, i.e. subscription either renewed automatically or ongoing. We ask that the drafting could be amended to avoid confusion.

- 5.9 Again, the Proposed Code overlooks the fact that the typical length of any text message is 160 characters, which makes it not viable nor is it practicable to provide for all the information outlined in Section 2.5.2 (b) (i) to (iii). SingTel recommends that the requirement in (b) (ii) be removed as this information has already been given to the end-user prior to the end-user's subscription to the service. It should not be a requirement in the reminder message.
- 5.10 Finally, SingTel notes that the requirements for confirmations and / or reminders in the frequency outlined may in fact serve to irritate and annoy end-users. Whilst the IDA has provided for PRS Providers to offer an option for end-users to decline the need for such reminders, SingTel notes that the need for sending confirmations / reminders will require PRS Providers to implement changes to their IT systems. To ensure compliance, PRS Providers may in fact opt to send the confirmations / reminders regardless whether the end-user requires them. We believe that this may lead to frequent complaints from end-users who would view this as a possible nuisance or even erroneously regard them as spam messages.
- 5.11 In light of the above, SingTel recommends that the IDA review the requirements for the confirmation / reminder messages. In the event that the IDA still requires these, we recommend that the IDA reconsider the frequency in which these should be sent. For example, reminder messages may not be necessary if the requisite information is already contained in the confirmation message. Alternatively, PRS Providers should be given the flexibility to determine the frequency of the reminder messages.

Requirements of Section 2.6 of the Proposed Code – Duty to enable end users to unsubscribe from subscription-based services

- 5.12 Similarly, the requirements of Section 2.6.1 and 2.6.2 appear confusing arising from the drafting. SingTel recommends that the drafting be amended to avoid confusion. For example:

“A premium rate service provider who provides a subscription-based premium rate service in which –

- (a) *the subscription is automatically renewed at the end of the subscription period unless the end user takes action to unsubscribe from the service; and*
- (b) *the end user is charged a one-time upfront charge for all content or facilities provided under that service during the subscription period; or*
- (c) *the end user is charged fees for the content or facilities provided under that service during the subscription period, which may or may not be in addition to any one-time upfront charges;*

shall undertake the following:

- (i) *must enable the end user to issue his instruction to unsubscribe from the service at any time during the subscription period; and*
- (ii) *shall, upon receiving such instruction, ensure that it does not renew the end user's subscription for the service once the current subscription expires; and*
- (iii) *immediately cease to provide any further chargeable content or facilities to the end user."*

5.13 In relation to the requirements in Section 2.6.3, SingTel notes that they would be covered under the proposed amended drafting above.

Requirements of Section 2.8 of the Proposed Code – Duty to indicate charges in all chargeable messages

5.14 SingTel would refer the IDA to our comments above. It is not viable nor is it practicable to ensure that every chargeable message indicates the charge. SingTel recommends that this be removed as the information regarding charges would have already have been provided prior to the end-user's subscription to the service.

Requirements of Section 2.10 of the Proposed Code – Duty to provide clear, accurate and timely billing

- 5.15 We note that the obligation is similar to Section 3.3.1 of the Telecom Competition Code 2005. We recommend that the drafting be aligned with that of the Telecom Competition Code 2005. However, the Proposed Code should indicate that the requisite obligation rests with the PRS Provider.
- 5.16 We note that the alignment is necessary to ensure that any processes that the licensees or operators may have already put in place for compliance with the Telecom Competition Code 2005 are not disrupted.

Requirements of Section 2.11 of the Proposed Code – Duty not to charge for unsolicited services

- 5.17 We note that the obligation is similar to Section 3.3.3 of the Telecom Competition Code 2005. We recommend that the drafting be aligned with that of the Telecom Competition Code. However, the Proposed Code should indicate that the requisite obligation rests with the PRS Provider.
- 5.18 We note that the alignment is necessary to ensure that any processes that the licensees or operators may have already put in place for compliance with the Telecom Competition Code are 2005 not disrupted.

Requirements of Section 2.12 of the Proposed Code – Duty relating to disputes over charges

- 5.19 We note that the obligation is similar to Section 3.3.4 of the Telecom Competition Code 2005. We recommend that the drafting be aligned with that of the Telecom Competition Code. However, the Proposed Code should indicate that the requisite obligation rests with the PRS Provider.
- 5.20 We believe that the alignment is necessary, given that under the Proposed Code, end-users are provided a period of one (1) year from the payment due date of a bill to raise disputes (where they have already made payment on the bill). This

differs from the Telecom Competition Code 2005 where the one (1) year commences from the date of the said bill.

- 5.21 We note that the alignment is necessary to ensure that any processes that the licensees or operators may have already put in place for compliance with the Telecom Competition Code 2005 are not disrupted.

Requirements of Section 2.14 of the Proposed Code – Duty relating to use of End-User Service Information

- 5.22 We note that the obligation is similar to Section 3.2.6 of the Telecom Competition Code 2005. We recommend that the drafting be aligned with that of the Telecom Competition Code 2005. However, the Proposed Code should indicate that the requisite obligation rests with the PRS Provider.

- 5.23 We note that the alignment is necessary to ensure that any processes that the licensees or operators may have already put in place for compliance with the Telecom Competition Code 2005 are not disrupted.

6. CONCLUSION

- 6.1 SingTel submit our views and comments to the IDA for its consideration.