

SINGAPORE PRESS HOLDINGS LTD

**SUBMISSION TO THE INFO-COMMUNICATIONS DEVELOPMENT
AUTHORITY OF SINGAPORE
PUBLIC CONSULTATION ON DRAFT CODE OF PRACTICE
FOR PROVISION OF PREMIUM RATE SERVICES**

15 JUNE 2007

1. INTRODUCTION

- 1.1 Singapore Press Holdings Ltd (“**SPH**”) refers to the Info-communications Development Authority of Singapore’s (“**IDA**”) invitation to comment on the draft Code of Practice for the Provision of Premium Rate Services (“**Draft Code**”) dated 9 May 2007 (“**Consultation Paper**”).
- 1.2 SPH welcomes the opportunity to make its submissions on the Consultation Paper and supports the issuance of clear guidelines to promote responsible service provisioning and to grow the local premium rate services industry.

2. SUBSTANTIVE COMMENTS

2.1 Section 2.2 – Duty relating to advertisements

- 2.1.1 There is now a requirement for extensive information to be provided at the point of advertisement, including prices, terms and conditions of the premium rate service that have a bearing on the charges payable by end users, and step-by-step instructions on how end users can unsubscribe from the service. At the same time, premium service rate providers for SMS are precluded from referring users to its website for such terms and conditions, but are required to convey the details via the same platform ie. SMS.
- 2.1.2 There is insufficient word count in an SMS message to incorporate all the required content into one SMS. With the proposed rule, in all likelihood, two or more SMS messages would have to be sent to users, where previously, one SMS would have sufficed. This will result in an advertisement having to take up to several SMS messages, which, at best, will still not be able to convey the terms and instructions as effectively and clearly as a web platform. Not only is this tedious for the user to read, it is also costly for the premium rate services provider, who incur costs for every SMS sent. The detailed information required to be provided in advertisements, and the means of communicating these, are not practicable from a capacity and cost-implementation point of view, given especially that users of SMS would also have full and ready access to the relevant websites containing these information.
- 2.1.3 SPH submits that for services provided via SMS, only the essential details need be provided to users by SMS at the point of advertisement ie. description of the service, name of the provider, the customer service hotline, the pricing, whether the service is subscription-based and an unsubscribe command, with a direction that users refer to the relevant website for details.

2.2 Section 2.5 - Duty to provide confirmation and reminder messages for subscription-based services

- 2.2.1 Under section 2.5.1, a premium rate service provider is required to send the end user a confirmation message containing the charges payable for the service once the user has subscribed for the service.
- 2.2.2 Further, under section 2.5.2(a), a premium rate service provider that provides a service in which the subscription is automatically renewed, is required to send a reminder SMS, at least 24 hours before the end of each subscription period, or at least *once a week* (where the length of subscription is more than a week), informing user of the charges payable for the service, in addition to giving step-by-step instructions on how he can unsubscribe from the service.
- 2.2.3 SPH agrees that reminders could, subject to users' option to expressly indicate that he does not wish to receive the reminder messages, be sent before the expiry of the subscription period, but that the requirement to inform end-users of the charges, constantly, at the frequent intervals proposed, is unnecessary and superfluous, in addition to posing a constant irritation to users.
- 2.2.4 Prices of the premium rate services would have been made known to potential consumers in the advertisement of the services. As the potential consumers would have had adequate opportunity to assess the service and make an informed decision on the pricing and other terms of the service before they subscribe for them, there is no need to assail the user with a barrage of SMS messages on the details already known.
- 2.2.5 In any case, sending out reminders to users with such frequency will not be meaningful for those premium rates services which are provided via the WAP platform.
- 2.2.6 For today's net-savvy users who have ready and instant access to the Internet, reminders of such frequency on the details of the services they subscribe for (each user would conceivably subscribe to more than one type of service, whether by the same or different providers), such conduct would be unwelcome and be viewed as an intrusion and harassment. If they had any query at all, they could always also call the customer service hotline to enquire.
- 2.2.7 Again, with the limited word count in each SMS message, two or more SMS messages would have to be sent to users. Taking into account the number of users and the frequency of the messages, this would substantially increase the promotion and operating costs of the premium

rate service provider and exact a heavy toil on its resources and finances. The latter would have to absorb these costs in addition to the costs of the first few SMS messages sent to users during the subscription and registration process. This will severely strain their resources, both in terms of manpower and costs.

- 2.2.8 SPH is not against the sending of reminder messages, but suggests that these be sent out before the expiry of the subscription service in question, and even then, in the form of a short and effective SMS message.
- 2.2.9 The requirement here for weekly reminders to be sent to users penalises the premium service rate providers by imposing an unfair and onerous burden on them, and is unnecessary and commercially not viable. Furthermore, busy SMS-savvy and net-savvy consumers of today would be encouraged to unsubscribe for the services as they are likely to be irritated by these weekly SMS.
- 2.2.10 All these run contrary to the stated purpose of IDA. In the Consultation Paper, it is stated that “IDA hopes that the Draft Code will provide a *balanced* regulatory framework that can on one hand safeguard consumer interest by promoting responsible service provisioning; and on the other hand, lay the foundation for the continued growth of the premium rate services industry.”

2.3 Section 2.7 - Duty to charge only for content

- 2.3.1 Premium rate service providers already bear the costs of the first few SMS messages for many services, to facilitate the subscription and registration process. To prohibit them from charging for information on prices, reminders and other instructions would significantly increase their operating costs and impose an unfair and onerous burden on them, and ultimately shift the burden to the consumers in the form of higher subscription costs or lower quality of service.
- 2.3.2 SPH propose that only the cost of promotion SMS should be borne by premium rate service providers.

2.4 Section 2.8 – Duty to indicate charges in all chargeable messages

- 2.4.1 SPH believes that this requirement is unnecessary and not meaningful. As stated above, users would have already known the prices of the services before they subscribe for them, and in any case, ample opportunities and means were available for them to check, before they subscribe for the services, and while they are using the services. In

some services where the length of the text already takes up a full SMS message, if the service provider is required to indicate the charges as well, operating costs for the service providers would escalate even more.

2.5 Section 2.10 – Duty to provide clear, accurate and timely billing

- 2.5.1 Section 2.10.3 requires a premium rate service provider to ensure that every bill that it renders for its service contains, amongst other information, the name of the premium rate service for which the person is being charged, and the charges incurred for the service. However, it may not always be practicable or cost-effective to give a detailed breakdown. Further the bills are controlled and managed by the network providers who are equipped with and are responsible for the billing facilities.

2.6 Section 4.5 – Enforcement Measures

- 2.6.1 SPH suggests that imposition of the financial penalty and other sanctions be implemented in a phased manner, with ample opportunity given for redress and for the financial penalty to be imposed only as a last resort eg. a warning should first be issued for the premium rate service provider to respond with its case, and if IDA finds against this, a second warning could be issued with a requirement for the licensee to cease engaging in the contravening conduct. IDA should only impose financial penalties if this fails to stop the offending action in question.

3. CONCLUSION

- 3.1 SPH acknowledges the need for measures to protect vulnerable consumers, end-users and the public in general against errant and irresponsible premium rate service providers. However, these requirements should not be so extreme or severe that they only serve to penalise legitimate and reputable industry players, and, in turn, consumers.
- 3.2 Industry players are already struggling to break-even, in a low profit margin and competitive industry, to promote and provide viable and varied services to consumers at minimum costs. With the imposition of the Draft Code, funds would have to be diverted to comply with these onerous requirements instead of being used for innovation and provision of the services. These costs will have to be passed to the end user.
- 3.3 Several sections of the Draft Code fail to take into account the business and financial implications on service providers and the negative effects on consumers. Indeed, some requirements, like that of sending weekly

SMS reminders, borders on the tedious and superfluous for both the service provider and the consumer, and is contrary to all good business sense.

- 3.3 Over-regulation of the industry could only be regressive and would have a negative long-term effect as it diminishes the incentive to invest and innovate, as the returns from the business would cut deep into the already-low profit margins, and, over time, would drive even established industry players away from the market. It may even have the unintended consequence of penalising the consumer in the form of increased costs and reduced range of services.
- 3.4 SPH hopes that IDA would adopt a more balanced approach, taking into consideration the challenges faced by an industry still in the nascent stages of development. As is IDA's stated intent, the changes should not "impose unnecessary or onerous regulatory requirements that would increase business costs for the industry".
- 3.5 SPH would like to thank IDA again for the opportunity to provide our comments for this Draft Code, and hopes that IDA would seriously take into consideration the comments stated in this document.