

***Chargeable Mobile Content Services (MCS)***



## Agenda

- **Background**
- **Billing Disputes**
- **Action Taken by OFTA**
- **Industry Code of Chargeable MCS**
- **Way Forward**



# Background



## Background

- **Mobile Phone Services enriched by content services like:**
  - ▶ stock quotes / automatic stock info alerts
  - ▶ weather forecast and report
  - ▶ flight schedule updates
  - ▶ location-based services (e.g. nearby restaurants promotion...)
  - ▶ social networking
  
- **Delivery Media of Mobile Content Service (MCS):**
  - ▶ Short Messaging Service (SMS)
  - ▶ Multi-media Messaging Service (MMS)
  - ▶ Voice call
  - ▶ Handset applications download (e.g. games)
  - ▶ (...and possibly more)



## Background (cont')

- **Billing Arrangement**

- ▶ MCS are often provided by 3<sup>rd</sup> party Content Service Providers (CSPs)
- ▶ 3<sup>rd</sup> party CSPs may not have direct billing relationship with the end customers
- ▶ Mobile Network Operator (MNOs) or Mobile Virtual Network Operators (MVNOs) to bill the end customers on behalf of CSPs
- ▶ MNO has a contractual relationship with CSP for the arrangements of delivery of MCS and payment services



## Background (cont')

- **Typical subscription process for MCS**

- ▶ **Via Internet**

- Subscriber initiates service registration on internet with his mobile number;
- Subscriber receives a SMS from CSP, asking for a response
- Subscriber responds on internet to confirm subscription

- ▶ **Via Mobile Phone**

- Advertisement or promotional messages were sent to potential subscribers
- Subscriber sends a request through the mobile phone (via SMS/dialling a number/mobile portal...) to the CSP to subscribe the MCS

- ▶ **CSPs should provide clear charging information and relevant service terms and conditions to the customer during promotion and subscription process.**



# Billing Disputes



## Billing Disputes - *connected to Chargeable MCS*

- **Jan to mid-Dec, 2009:**
  - ▶ 96 subscriber complaints received by OFTA  
(more than half of these complaints have already been resolved by MNOs)
- **Typical Complaints:**
  - ▶ CSP's failure to provide detailed and clear charging information
  - ▶ CSP's failure to indicate/provide method to unsubscribe service
  - ▶ Subscribers not aware of having registered with chargeable MCS





# Action Taken by OFTA



## Action taken by OFTA

### 4th November 2009

- **OFTA wrote to MNOs**
  - ▶ To draw attention to the problem and explore measures for improvement.
  - ▶ In particular whether an alert/warning could be inserted in each SMS message containing chargeable content.

### 20th November 2009

- **OFTA issued a consumer alert**
  - ▶ to advise the consumers on necessary precautionary measures to avoid possible and unnecessary MCS-related billing disputes and financial loss.
- **OFTA asked MNOs to follow up on the complaints received**

### 26th November 2009

- **OFTA met with MNOs to pursue the issue on improving the charging information transparency**



## Action taken by OFTA *(cont')*

### December 2009

- On 15 Dec 2009, the Consumer Council published a report on billing disputes arising from chargeable SMS
- On 16 Dec 2009, OFTA met with senior representative of all MNOs and reached a consensus to develop an Industry Code
- OFTA and the MNOs have been working together in the last few weeks to develop the Code to improve transparency of charging information

### January 2010

- The Communications Association of Hong Kong (CAHK) promulgates the Code on 11 January 2010 to improve the transparency about charging information and arrangements for MCS
- The Government welcomes the joint effort of the industry



# Industry Code on Chargeable MCS



# Industry Code on Chargeable MCS

- The Code would take effect immediately, with relevant provisions to be implemented over the next few months when appropriate arrangements have been put in place
- To ensure that consumers are better protected, MCS should -
  - ▶ indicate prominently the chargeable nature of the services and when such charges start to trigger;
  - ▶ provide clear charging information;
  - ▶ provide that clear consent from customers is obtained before service provision;
  - ▶ set out clearly arrangement for unsubscribing or deregistering from the services. Such arrangements should be easy to understand and carry out;
- if there is non-compliance, the CSPs have to suspend their service pending rectification to be made. Failure to suspend their service or repeated non-compliance may result in termination of the service of the CSPs on mobile operators' platform
- The Code set out duties and procedures for respective parties MNOs/MVNOs (CSPs and Administrative Agency (AA)) involved in the implementation of the Industry Code




# Industry Code on Chargeable MCS

- **Duties of A CSP:**

- ▶ Needs to apply and obtain a Letter of Positive Assessment (LPA) from an Administrative Agency (AA) to show its capability and secure the pledge of full compliance with the relevant provisions of the Industry Code before a MNO/MVNO agrees to make contractual arrangements for the delivery of MCS and payment services;
- ▶ Needs to provide customers with clear charging information in any printed or electronic advertisement/marketing materials with sufficient font size and contrast;
- ▶ Needs to seek customer consent/authorisation with a free SMS to Customers asking for positive or negative reply for purchase or subscription of MCS before commencement;



# Industry Code on Chargeable MCS

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- **Duties of A CSP (cont'd):**
    - ▶ Provides information in a clear manner to Customers how to unsubscribe and de-register from the subscription of MCS prior to the provision of the subscription based service or in the contract and on an on-going basis by various means;
    - ▶ Needs to comply with the Industry Code at all times and cooperate to carry out rectification on any non-compliance found within 24 hours or else leading to termination of MCS or contract by mobile operators
    - ▶ Provides helpline to handle customer complaints



# Industry Code on Chargeable MCS

- **Duties of an Administrative Agency (AA):**
  - ▶ An industry funded body to work for the mobile industry to implement the Industry Code;
  - ▶ Devises detailed procedures and criteria to work with the CSPs and MNOs/MVNOs, including assessment criteria, compliance checks and customer complaint handling etc;
  - ▶ Evaluate and assess a CSP to pledge with the Industry Code by issuing a LPA to the successful CSP;
  - ▶ Monitors and makes enforcement of the CSPs for on-going compliance with the Industry Code by conducting regular compliance checks and investigation of any non-compliance of CSPs;





# Industry Code on Chargeable MCS

- **Duties of an Administrative Agency (AA) (cont'd):**
  - ▶ Gives warnings and rectification notices to the CSPs and notification of service suspension/termination to MNOs/MVNOs for any non-compliance
  - ▶ Revokes the LPA of any CSPs for any substantiated and un-rectified non-compliance of the Industry Code;
  - ▶ Maintains and publishes in its website a list of CSP issued with the LPA and a list of CSPs found to have breached the Industry Code; and
  - ▶ Notifies all MNOs/MVNOs for the above lists and necessary enforcement actions to be taken;



# Industry Code on Chargeable MCS

- **Duties of a MNO/MVNO:**

- ▶ To contract with only CSPs granted with a Letter of Positive Assessment (LPA) by the AA (set up to assess CSPs' compliance with this Code) for delivery of MCS and payment services;
- ▶ Incorporates the terms of the commercial contract with a CSP governing the provision, delivery and billing arrangement for MCS shall require the CSP to strictly comply with this Code (as amended from time to time);
- ▶ Needs to assist the AA to conduct investigation of CSPs suspected of breaching the Industry Code;
- ▶ Needs to assist a Customer to contact the CSP concerned to unsubscribe to the MCS and upon receiving the confirmation from the CSP, stops billing the Customer immediately;



# Industry Code on Chargeable MCS

- **Duties of a MNO/MVNO (cont'd):**
  - ▶ Needs to follow the AA's notifications for any suspension or disconnection of a CSP's MCS from the network platform;
  - ▶ Assists and facilitates a Customer and a CSP in resolving any billing dispute by verifying the Customer's billing information of the subscribed MCS, the billing records and call logs;
  - ▶ Ensures that any MCS related billing dispute between a Customer and a CSP shall not affect the availability of the rest of the telecommunications services subscribed by the concerned Customer with the MNO/MVNO.



# Way Forward



## Way Forward

- **OFTA will monitor closely the implementation of the Industry Code and assess its effectiveness**
  - ▶ If problems persist after the Industry Code has been implemented, the Administration will consider to impose other more stringent measures to enhance the protection for consumers
  - ▶ Will take prompt action if any telecom licensee is found in breach of the licence conditions or provisions under the Telecommunications Ordinance
- **The public expect the mobile industry and other relevant parties to ensure new services to meet the satisfaction of customers. Industry should place consumer interests at the forefront to safeguard business and reputation.**



**Thank you!**