

Person-to-Person Telemarketing Calls

Panel on
Information Technology and Broadcasting
9 November 2009

Background

Unsolicited Electronic Ordinance (UEMO)

- ▶ Fully implemented in Dec 2007 to regulate sending of commercial electronic messages
- ▶ Covers fax, emails, short messages and pre-recorded telephone messages, but not P2P telemarketing calls

The Administration undertakes to continue to monitor P2P calls and may consider introducing regulatory measures if they cause serious problem to the community

Actions taken by the Administration

Two opinion surveys were conducted.

1. Public opinion survey conducted by HKU
 - ▶ Around 1,100 respondents were interviewed.
2. Industry survey conducted by OFTA
 - ▶ Views from 52 companies were collected in Apr - Sept 2009. These companies together made 491,000 P2P calls per day.

(A) Public's views and response (1)

Key Findings of the Surveys

- ▶ Whether P2P calls are useful or disturbing
 - 81% of respondents considered P2P calls caused inconvenience.
 - 43% of respondents would indicate not interested at the very beginning;
 - But 46% of respondents would listen to see whether they were interested.



Nearly Half of respondents would not reject P2P calls straightaway.

(A) Public's views and response (2)

Key Findings of the Surveys

- ▶ Whether commercial transactions were made or agreed to be made during P2P calls
 - In public survey, 21% of respondents replied in the positive.
 - In industry survey, one-third* had 5.1-10% success rate, another one-third* had > 10% success rate.



P2P calls bring economic benefit to community.

(*Out of 42 companies with success rate (i.e. achieved intended purpose)⁵).

(A) Public's views and response (3)

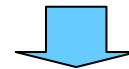
Observations of OFTA

- ▶ Whether P2P calls were useful or cause of inconvenience depended on products or services promoted. Some considered P2P calls did bring useful information and benefits to them.
- ▶ P2P calls did generate business for companies.
- ▶ Potential benefits of P2P calls should not override public's right to unsubscribe from unwanted calls. Companies making P2P calls should put in place appropriate unsubscribe mechanism for call recipients to opt out from future calls.

(B) Unsubscribe mechanism (1)

Key Findings of the Surveys

- ▶ In the public survey, 35% of respondents made unsubscribe requests to callers. Among these respondents, 21% said callers would honour the request.
- ▶ In the industry survey, 83% of respondents maintained their in-house unsubscribe lists.



There were channels to make unsubscribe requests but the public did not bother to do so. The industry does not treat unsubscribe requests seriously.

(B) Unsubscribe mechanism (2)

Observations of OFTA

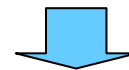
- ▶ Two inter-related issues were raised:
 - Percentage of the respondents who made unsubscribe requests is low – 35% only
 - Only 21% of the respondents who had made unsubscribe request reported that their requests were honoured

If consumers understand their right to unsubscribe and telemarketers step up their effort in handling unsubscribe requests, call recipients will be more ready to make unsubscribe requests and the unsubscribe mechanism will become more effective.

(C) Proportion of calls that involve use of recipients' personal data (PD)

Key Findings of the Surveys

- ▶ In the public survey, 55% of respondents said >40% of calls received involved use of PD.
- ▶ In the industry survey:
 - among 491,000 calls made by telemarketers, 45% involved PD while 55% did not.
 - almost all the calls made by the insurance companies had involved the use of PD
 - majority of the calls made by telecom operators and call centres had involved the use of PD

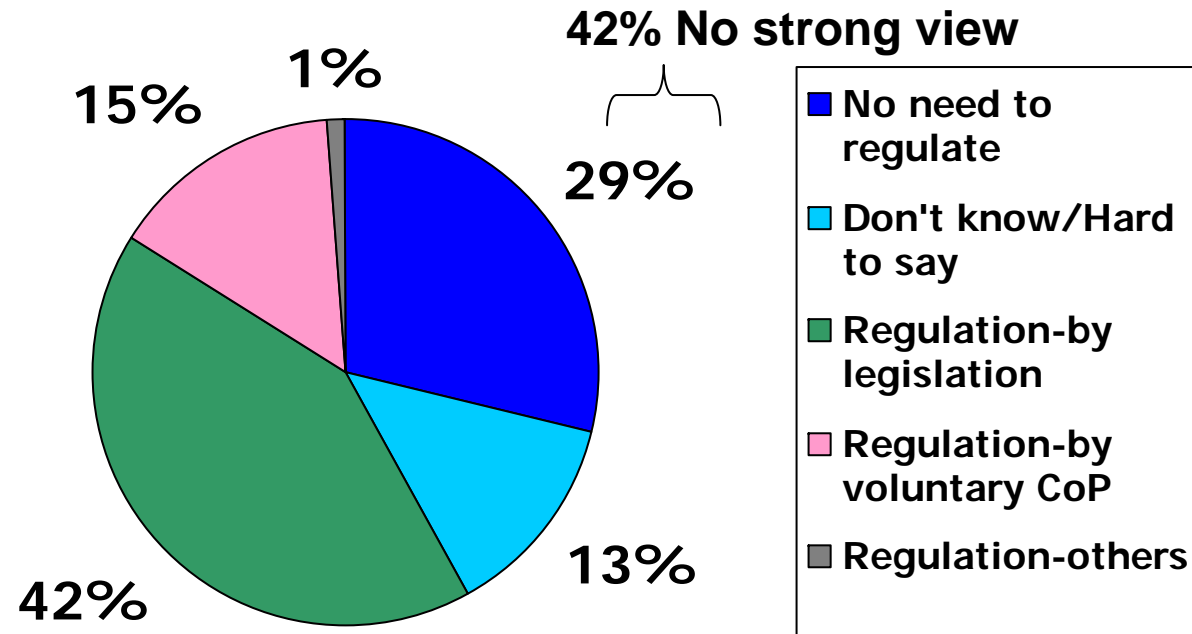


**On average, around half of P2P calls involved use of PD.
For certain business sectors, almost all or majority of the P2P calls involved the use of PD.**

(D) Whether P2P calls not involving PD should be regulated (1)

Key Findings of the Surveys

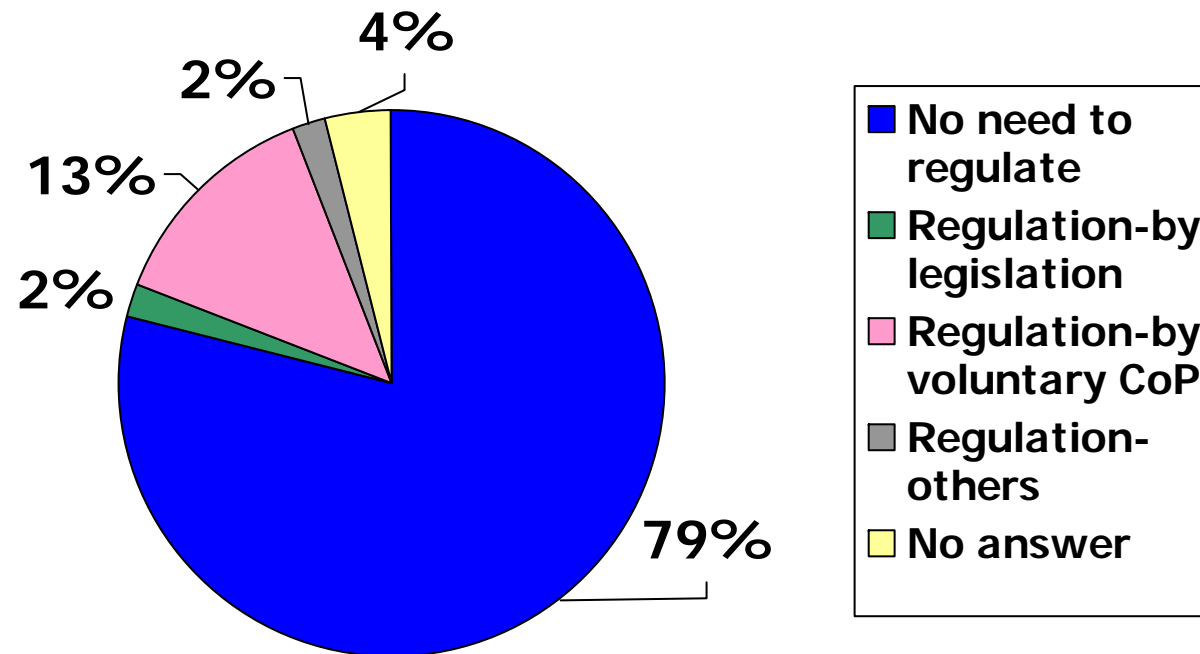
Public survey results



(D) Whether P2P calls not involving PD should be regulated (2)

Key Findings of the Surveys

Industry survey results



No overwhelming support for legislation.

(C) Proportion of calls that involve use of recipients' PD & (D) whether P2P calls not involving PD should be regulated

Observations of OFTA

- ▶ Over half of P2P calls did not involve use of PD
- ▶ No overwhelming support for legislation
- ▶ The use of PD for direct marketing is regulated under Section 34 of Personal Data (Privacy) Ordinance

Non-legislative measures on P2P calls should cover all calls regardless of whether PD is involved.

(E) Main business sectors making P2P calls

Key Findings of the Surveys

- ▶ In the industry survey, 48% of calls made by finance, 25% made by telecommunications, 14% made by call centres, 10% made by insurance.

Observations of OFTA

- ▶ Four main business sectors made more than 90% of P2P calls

Inconvenience caused by P2P calls would be reduced if the four major business sectors implement the necessary measures.

Way forward - introducing proportionate measures to tackle P2P calls

- ▶ Work together with industry to formulate voluntary CoP with in-house unsubscribe list and rules to honour unsubscribe requests.
- ▶ Urge the four major business sectors to adopt a CoP and pledge compliance for the public to monitor
- ▶ Ask companies to step up efforts on honouring unsubscribe requests
- ▶ Mount public education programmes to educate consumers about their right to unsubscribe and ways to protect them from unwanted P2P calls
- ▶ Review effectiveness of the above and would not rule out other measures at later stage if necessary.¹⁴



Thank You