



**INTERNATIONAL TELECOMMUNICATION UNION
TELECOMMUNICATION DEVELOPMENT BUREAU**

Document: 20

**GLOBAL SYMPOSIUM FOR REGULATORS
Hong Kong, China, 7 -8 December 2002**

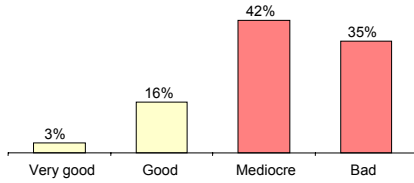
PRESENTATION

**REGULATORY CHALLENGES: FEEDBACK TO REGULATORS
FROM CONSUMERS**

**Geoffrey Cannock
Apoyo Consultoría**

No surprise that consumer's assessment of regulators rank low

WHAT IS YOUR OPINION ON HOW THE TELECOMMUNICATIONS REGULATOR IS PERFORMING?

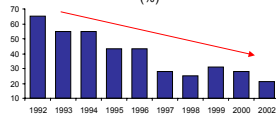


Source: APOYO Consultoría S.A.

Why Regulate on Telecom Consumers Issues?

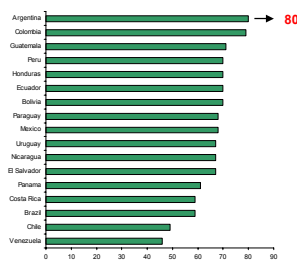
➤ If consumer views are neglected, Regulators efforts to promote competition and to instill a sound regulatory framework may not prove sustainable.

APPROVAL OF PRIVATIZATION IN PERU (%)



Source: APOYO Opinión y Mercado S.A.

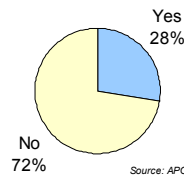
DISAPPROVAL OF PRIVATIZATION, 2001 (%)



Source: Latinómetro 2001

Only 28% of consumer organizations consider that the regulator's decisions are transparent

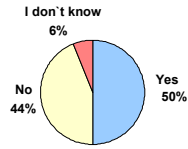
TRANSPARENCY ON REGULATORS' DECISIONS ON STANDARDS



Source: APOYO Consultoría

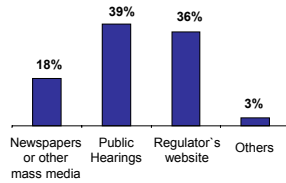
Consultation methods need to be enhanced

DOES THE REGULATOR USE CONSULTATION MECHANISMS TO CHECK REGULATIONS THAT AFFECT CONSUMERS?



Source: APOYO Consultoria S.A.

WHAT ARE THESE MECHANISMS?



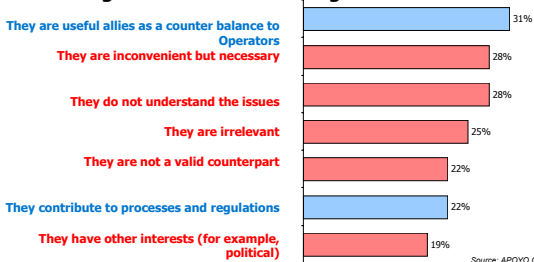
Source: APOYO Consultoria S.A.

Why consultation methods are considered inappropriate.

- * "Sometimes procedures are complicated. Consultation mechanisms are aimed only to some professionals".
- * "Hearing doesn't mean listening. It only serves to legitimize resolutions already taken"
- * "Little diffusion. The majority of users don't access the Internet yet".
- * "Suggestions are not taken into account at the beginning of the process."
- * "It is difficult for consumers to access additional information"
- * "Public consultations do not bind the regulator to take into account consumers participation"
- * "Poor representation of Consumer interests"
- * "Nobody considers Consumer's opinions"

In general, organizations feel that the Regulator does not consider them as a good counterpart

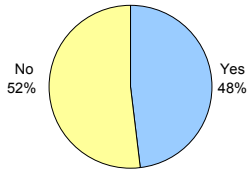
What do you consider to be the opinion of the Regulator on consumer organizations?



Source: APOYO Consultoria

Consumers recognize that they need to improve their technical skills

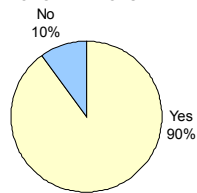
TECHNICAL CAPABILITIES OF CONSUMERS' ORGANIZATIONS



Source: APOYO Consultoria

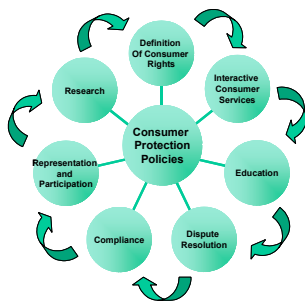
Support to consumer organizations from the state is needed and welcome

MUST THE STATE PROVIDE FINANCIAL SUPPORT TO CONSUMERS' ORGANIZATIONS?



Source: APOYO Consultoria

The Consumer Protection Value Chain



Definition of consumer principles

- Consumer protection policies are devised on practices inspired on actual cases and on normative principles such as the United Nations guidelines for consumer protection.
- It may be unwise to create a single set of telecommunications consumer protection principles.

United Nations guidelines for consumer protection (As expanded in 1999)

The legitimate needs, which the guidelines are intended to meet, are the following:

- (a) The protection of consumers from hazards to their health and safety;
- (b) The promotion and protection of the economic interests of consumers;
- (c) Access of consumers to adequate information to enable them to make informed choices according to individual wishes and needs;
- (d) Consumer education, including education on the environmental, social and economic impacts of consumer choice;
- (e) Availability of effective consumer redress;
- (f) Freedom to form consumer and other relevant groups or organizations and the opportunity of such organizations to present their views in decision-making processes affecting them;
- (g) The promotion of sustainable consumption patterns.

Policy makers and regulators must carefully define roles

Role	OSIPI TEL	Operators	Consumers Associations	Competition Agency	Ombudsman
Definition of rights	●			●	
Dispute resolution	●	●			
Interactive customer service	●	●			
Research	●	●	●	●	●
Compliance	●			●	●
Information	●	●	●	●	●
Education	●		●	●	●
Representation			●		●
Support to Consumers Associations	●		●	●	●

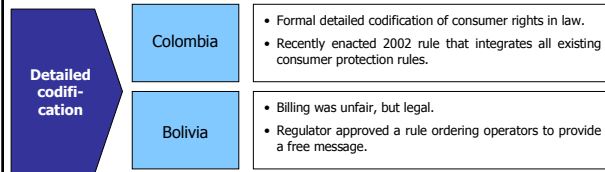
It is in regulator's best interest to create incentives for setting up policies that place a greater burden in terms of effort and costs on the private sector while ensuring adequate consumer protection.

Proactive approach to consumer protection is the best practice

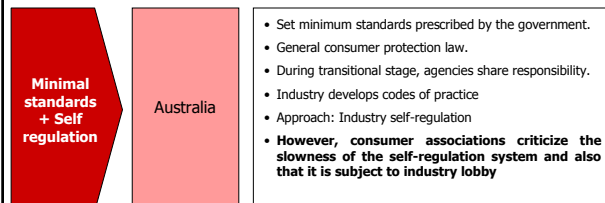
Country	Case	Benefits
Australia	Mobile number portability	Regulator promotes enhancing welfare measures
Ireland	Consumer awareness on mobile roaming	Guides on consumers decision making
Colombia	Misleading advertisement	Prevents bad practices in the marketplace

Implementation of improved end-user services will often require active involvement of the regulator since operators that exhibit market dominance do not have incentives to adopt them

How much detail needs to be codified?

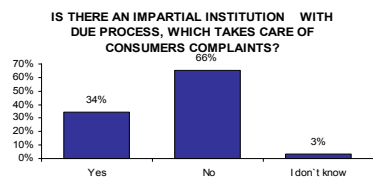


How much detail needs to be codified?



Consumer Dispute Resolution Systems

- Aimed at delivering fair results in and timely fashion.
- Otherwise, consumer frustration and dissatisfaction with Telecom reforms may increase.



Source: APOYO Consultoria

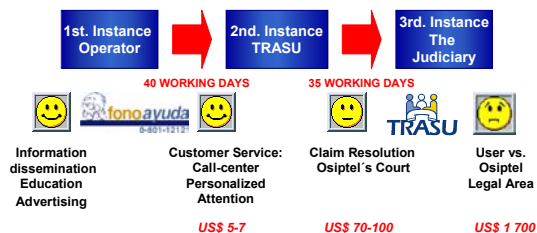
Dispute Resolution of Consumer Claims

➤ Several countries do not have yet formal institutional process to resolve complaints

➤ Examples of Dispute Resolution's systems:



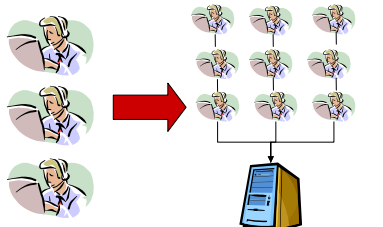
CONTROLLING CLAIM RESOLUTION SERVICE COSTS – THE PERUVIAN EXPERIENCE



Interactive consumer services

- Refer to all methods regulators employ to communicate with individual consumers.
- At a minimum, regulators should aim to be reached easily by interested consumers.
 - This includes creating a user-friendly Internet-site updated on a regular basis.
 - It is important for regulators to incorporate a consumer's perspective when deciding the location of the headquarters and any branch offices.

Implementing consumer call centers is the next logical step



Simple, low budget call center

System capable of handling more calls at lower unit costs + Data analysis system

Call centers...

- ✓ Increase the number of solved consumer complaints
- ✓ Provide a valuable service for consumers residing in towns where there are no regulator's offices.
- ✓ Offer valuable information that enables regulators to identify regulatory loopholes or new consumer protection initiatives.

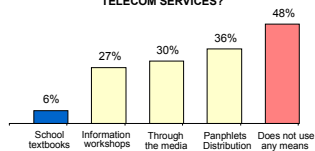
Interactive consumer services

- The publication of rules in the official governmental newspaper or registrar provides an excellent opportunity to include non-technical and user-friendly presentations of consumer-oriented rules.
- Massive media advertisement campaigns are generally too expensive for regulatory agencies. However, specific educational mass-media campaigns may be needed to educate consumers about major changes in the market, such as introducing "calling party pays" tariffs, new numbering plans, or opening the long-distance market to competition.

Interactive consumer services

- School textbooks:
 - Another useful but often neglected channel to educate consumers about their rights.
 - Education: Powerful albeit long-term action
 - Nevertheless, very few government agencies use the educational system to inform consumers about their rights and duties.

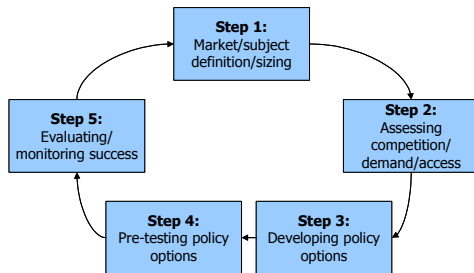
BY WHAT MEANS DOES THE GOVERNMENT EDUCATE THE POPULATION ON THEIR RIGHTS AND DUTIES CONCERNING TELECOM SERVICES?



Research

- Analysis of consumer claims and complaints to call centers are not enough.
- Research is needed:
 - to identify actual and predicted consumer problems,
 - to assess the impacts of regulatory policies and operators' market strategies,
 - and to devise best practices.
- Continuous research is of paramount importance, especially to repeal, update, or phase-out policies that are no longer needed.
- Agreements between the regulator and universities or research institutions may enable the regulator to obtain independent, high-quality and affordable research.

Research: UK Guidelines



Source: OfTel
