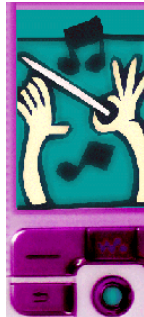


ITU New Initiatives Workshop: The Regulatory Environment for Future Mobile Multimedia Services



(Mainz, 21-23 June 2006)

Vodafone: Protecting the mobile consumer

- 1/ What characteristics of mobile which make it different to previous communications platforms? Suggest two candidates:
 - mobile brings direct addressability to entire national consumer bases – notably including teenagers and younger children; and
 - mobile provides integrated payment mechanisms (so not just data carriage, but data and payment).
- 2/ Some apparent characteristics may be less important than they seem:
 - Parents can't rely on direct supervision of a child's use of a mobile. But, on the other hand *"a quarter of parents regularly sit with their child when he or she uses the internet, close to half never do"* (Eurobarometer 2006). That's parental reporting - which appears to over-report parental activity in other contexts. Also direct parental supervision is skewed towards younger children who are (still) unlikely to have a mobile.
 - Children and younger teenagers are thought vulnerable to overspending, but pre-pay services dominate consumer base: 90%+ of EU teenagers and younger children with mobiles use pre-pay. Usage of mobile in these segments is dominated by messaging and there is a complex interplay of usage of different communications media – zero marginal cost to children is a key driver of home internet and phone use.
- 3/ Does mobile becoming *"multi-media"* make much difference?
 - it hasn't yet to service usage: MMS usage very small compared to SMS usage.
 - some things labelled multi-media aren't really in the future – like payment and location. These have been available for some time.
 - but visual – still picture and video – content is available for the first time and consumer protection issues clearly arise which can be met by self- or by formal regulation. Again these issues are really now rather than future in many countries. They could well grow and change – Mobile TV an example – but expect much development to be *"old"* content on *"new"* platforms. Consumer expectations and consumer protection regulation will follow established approaches.

- Other than evolution of spectrum demands and dealing effectively with content to meet national societal expectations not really sure what else changes in regulatory landscape.

4/ For example (again EU) expect economic regulation to remain focussed on the same questions: access and interworking. Which is what you would anticipate from a technology neutral approach.

- Expect calls for access regulation to decline in most national markets both as new mobile infrastructure players enter and as new service providers / MVNOs enter with propositions which existing MNOs don't or can't optimize. So retail player numbers will continue to grow.
- The most significant recent consumer turbulence in mobile has been the result of too much access rather than too little! MNOs offered Mobile Terminated (MT) Premium-SMS capabilities to complement earlier Mobile Originated (MO) Premium SMS. Mediated through aggregators various content providers then built repeat MT capabilities so creating subscription services. A welcome innovation in principle, but not when coupled with 3rd party willingness to engage deliberately in practices close to fraud. We saw subscription service abuse spread internationally – followed by MNO self-regulation initiatives and/or (in some cases) formal regulation. Whole experience was bad for customers, bad for MNOs – especially for attempts to sell new services

- Interworking a harder call. A proportion of new communications services typically mean new interworking arrangements. Some do not. Vodafone would expect interworking arrangements will arise commercially in the oligopolistic mobile environment and we expect this to occur rapidly. A number of MNOs recently announced an Next Generation Mobile Network initiative and we expect new technological approaches to be capable for supporting existing interworking commercial models without inhibiting new ones.
- 5/ However, Vodafone certainly recognizes concerns with respect to new forms of content and services on mobile. National self-regulatory approaches can address these flexibly and efficiently.

Vodafone national self-regulatory tool-kit

A classification framework for commercial mobile content based on national approaches in other media – consisting of at least two categories: content which is suitable only for adults and other content. Subject to external confirmation, for example, by an independent body or through periodic benchmarking against established media. Expect that the framework will evolve over time.

Provision of effective parental tools, in particular, to control access to commercial content classified as only suitable for adults on their childrens’ mobiles and to provide parental control of access to internet content through mobile.

Support for national hotline or equivalent approaches which identify and respond to illegal content hosted on ISP servers or mobile community products. Adoption of hotline or equivalent national notice and take-down procedures.

Participation, where agreed nationally by stakeholders, in programmes to use internet filtering to prevent customers’ access to illegal content - identified by national / international hotlines – where hosted internationally.

Measures to combat malicious communications on mobile, including where these affect children, building on established Vodafone malicious call handling procedures. Text bullying is the key “new” example here.

Measures to combat unsolicited bulk communications on mobile: contract terms with other operators and wholesalers, per-message charging, automated spam reporting, technical countermeasures.

Measures to combat abuse of premium rate services offered by third parties: contract terms including service and price transparency, withholding premium outpayments, application of escalating commercial penalties in cases of abuse. Support for effective national premium rate regulation.

Measures to ensure passive location services – in those (few) cases provided by Vodafone to third parties - are resistant to abuse.

Adoption of appropriate use guidelines to cover chat and other community products.

Commitment to customer education regarding the types of content and new services on mobile and the internet and the measures which can be taken by parents to protect children and younger teenagers.

- 6/ How do we expect consumer protection to develop in future? Two predictions and one recommendation.
- Teenagers and younger children are really about 3-4 segments. MNOs are at an early stage in providing commercial offerings which provide parents with control over children and younger teenagers’ expenditure. Expect to see more effective segmentation of offers to meet parents’ need for reassurance while not undermining (older) childrens’ transition to independence.

- Last time I talked at an ITU event the topic was ubiquitous societies: a vision of a integrated pervasive networking. It's still too early to say if some of the visions suggested then will arise. However, it does seem that forms of convergence are marching on apace. It seems plausible that "mobile" regulation may disappear as a separate activity before we actually reach the "future".

And in terms of a recommendation. Good regulation needs good evidence so collect lots of it. Capture and carry out trend analysis of customer complaints, do regular user surveys so that operators and regulators understand what consumers are really doing and experiencing.

7/ Maybe there are a couple of big "elephant in the corner" questions which could usefully be debated by policy makers:

- Are we comfortable with the declining age of first mobile use? Why is it still declining? Are there good reasons for children to have mobiles before they start to travel independently (that is around the time of going to secondary school (in EU).
- digital camera technology has improved incredibly quickly and powerfully. While cameras installed in mobiles are not the weapon of choice for the voyeur or the paparazzi bundling these technologies is making personal image capture capabilities ubiquitous. This seems to have potentially profound implications for the way individuals in society think about themselves and behave.

Finally, I would comment that the current cutting edge of customer protection (and self-regulation) appears to be happening on massive multi-player gaming and social networking sites. Policy makers should be alert to developments in these areas. In particular, service environments which are intrinsically resistant to abuse are likely to prosper.

Questions:

- Q: What response do you get from VF national companies regarding implementation of Vodafone's tool-kit?
- A: Can be mixed: individual operating companies know their own national market best. However, Vodafone has agreed as a group to have common core capabilities in the area of child protection although implementation approaches are decided at a national level. This provides a balance of Group and national responsibility.
- Q: You mentioned location services – these and some other services might seem to carry significant risks if something goes wrong. How do you respond to the balance of risk and return here?
- A: Passive location based services raise questions in customers' and regulators' minds. How they will develop in the future is uncertain: from a purely regulatory perspective the level of reward does not seem to match their brand and other risks. Most development of location capabilities and data retention is essentially driven by State requirements.
- Q: You said that Vodafone would supply internet filtering when you offer internet access – this can't be a complete solution – what if a customer chooses to use W-LAN access? You can't supply filtering in these cases.
- A: That's correct. Where a customer is using Vodafone's internet access service we supply network filtering. We can't do this where another bearer (such as W-LAN) is used. However, we expect that other access providers will look to their responsibilities and we see, for example, credit cards commonly acting as a "gate" in the case of W-LAN access. Providers must ensure that they address consumer protection issues on their own access service (as part of the proposed EC self-regulatory framework).