RE-THINKING QUALITY REGULATORY FRAMEWORK TOWARDS A RESPONSIVE REGULATION

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ANATEL

Regulation on quality services - Brazil

Retail Market:

Fixed Phone: 41 millions
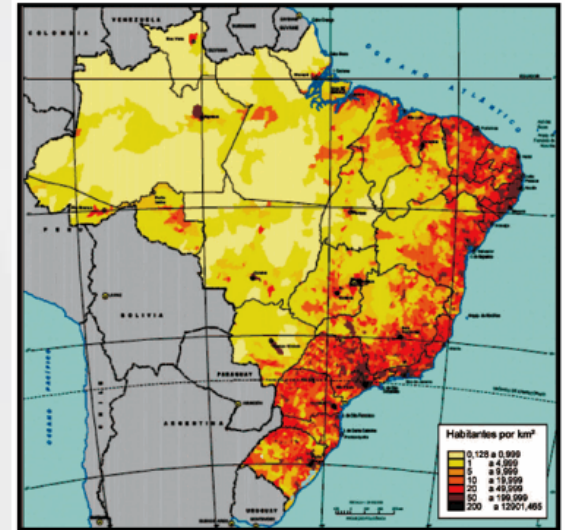
Mobile Service: 241 millions

Fixed Broadband: 28 millions

Pay TV: 18 millions

Context

- Country with continental dimensions (5th in the world).

- 200 million inhabitants (5th in the world).

- 27 Units of the Federation.

- 5.570 municipalites, 81 with > 300k inhabitants.

- High population concentration in the coastal region.

- Different conditions on demand and infraestructure.

- Results: the investiment is atractive in areas with hight demand (hight demograthic concentration + per capta income) -> there is competition and more quality. But, we still have a population in non atractive areas, with lower competition.

- This picture can be seen around the world, but +5k municipalities bring us a challenge, especially in two things: measurement strategy and enforcement.

Current Regulatory Framework

- Anatel establishes performance indicators, calculation methods and targets;

- The indicators consolidate the performance of groups of municipalities (67);

- In general, the providers calculate and send results to Anatel;

- Exception: in the broadband indicators a Quality Inspection Entity measures, calculates and sends the results to Anatel. Current measurements are made by probes, sent to the volunteers, based on a statistical model; (this model is being revised, as will be presented by Mr. Caram tomorrow).

- The results are monitored monthly and published quarterly;

- Relevant interruptions should be communicated to the Agency and the public. Consumers should be reimbursed for all events;

- All noncompliance with targets and other obligations are determined in the administrative sanctioning process;

- Satisfaction and perceived quality surveys are published annually. (no targets and fines in this case)

Major problems on current regulation

- Measurements:
    - Indicators consolidate the groups of municipalities, but, the performance of those smaller municipalities doesn't impact the results;
    - Some indicators are no longer needed – network convergence;
    - Results: consumers don't have the better information to make informed choices.

- Enforcement:
    - Penalization (sanctions, fines, etc) lead the relationship between regulator and operators to administrative and judicial litigation.
    - Fines applied don't come back to telecom sector – it goes to government budget.
    - Results: Regulators and operators spend time in disputes, when they should be working to solve problems.

Benchmark

There are a lot of regulatory approaches, but in general, it depends of the Market evolution

High regulatory intervention
Comand and control (Goals/fines)

Regulator acts risks based
Information to consumers
SLAs in contracts with consumers
Market competition to solve problems

Regulatory Impact Analysis

Gerenciamento

Forma
Opção	A	B	C	D	E
Controle e sancionamento	A	B			
Híbrido (de acordo c/ critério)			C	D	
Acomp. e publicação dados				D	E

Foco da regulação
Opção	A	B	C	D	E
Relação individual					
Qualidade geral do setor	A	B	C	D	E

Foco dos indicadores

Tipos de indicadores
Opção	A	B	C	D	E
Técnico (rede/exp)	A	B			
Percepção				D	E
Híbrido			C		

Composição
Opção	A	B	C	D	E
Tratamento independente	A	B			
Utilização da combinação			C	D	E

Demandas consumeristas

Recepção das demandas
Opção	A	B	C	D	E
Anatel	A				
S/ receb. demandas individuais		B			
Ouvidoria das operadoras			C	D	
Entidade(s) comum(ns) ao setor					E

Custeio do atendimento
Opção	A	B	C	D	E
Anatel	A				E
Prestadoras		B	C	D	

Foco do regulador
Opção	A	B	C	D	E
Conflitos individuais				D	
Capacidade resp. da prestadora					E
Motivação das reclamações	A	B	C		

Consequência das demandas
Opção	A	B	C	D	E
Comp. de conflitos individuais					
Sanção					
Divulgação de indicadores	A				
Diretriz para ação regulatória		B	C	D	E

Monitoramento e controle

Coleta e envio de dados
Opção	A	B	C	D	E
Operadora	A	B			
Regulador (coleta própria)					
Entidade terceira			C	D	E

Critérios de aplicação das regras
Opção	A	B	C	D	E
Por tamanho de empresa	A	B	C	D	
Por nível de competição		B		D	E
Por região				D	

Frequência de consolidação e publicação
Opção	A	B	C	D	E
Anual					E
Semestral			C	D	
Trimestral		B			
Mensal	A				

Forma de avaliação
Opção	A	B	C	D	E
Indicador a indicador	A	B			
Desempenho global					E
Híbrido			C	D	

Forma de aplicação
Opção	A	B	C	D	E
Consequências automáticas				D	E
Conforme processo adm.	A	B			
Híbrido			C		

Foco do enforcement
Opção	A	B	C	D	E
Estímulo					E
Punição	A				
Responsivo		B	C	D	

Se estímulo
Opção	A	B	C	D	E
Acompanhamento flexível		B			
Publicação de rankings				D	E
Híbrido			C		

Se punição
Opção	A	B	C	D	E
Advertência-multa-suspensão	A	B			
Compensação ao consumidor				D	
Híbrido			C		

The new regulation applies to...

It is common to see regulations that create asymmetry that exempts small providers from regulatory costs in order to make them viable.

Our proposed new regulation proposes such asymmetry, but with one difference: the small provider may choose to be covered by regulation.

Small providers may have better quality than large ones, especially in customer service. So it can be with great opportunity to participate in the ranking of performance in your market, showing consumers their competitive advantages.

Anatel's intention is to have a large number of competitors in the rankings, fostering an environment of competition for quality.

the small provider that decides to be covered by the regulation to appear in the ranking will also be charged on the minimum quality and other obligations

How to measure

- The measurements must equilibrate objective measurements (Qos and QoE), as well as subjective measurements (surveys of perceived quality).

- There's intention to have objective measurements for those 5.570 municipalities, but we think that "Drive Test" is unviable. We're studying:
  - (1) access network counters;
  - (2) colleting data from apps installed in users smartphones and CPEs of consumers. This model will be presented tomorrow (session 5);

- The quality of relationship with consumers will be monitored using:
  - (1) the operators' database on the relationship with consumers (deadlines for meeting requests, waiting time for service, for example)
  - (2) complaint against operators open in Anatel

- Satisfaction and perceive quality surveys should be consolidate per Units of the Federation

The results should be published to consumers in an attractive way
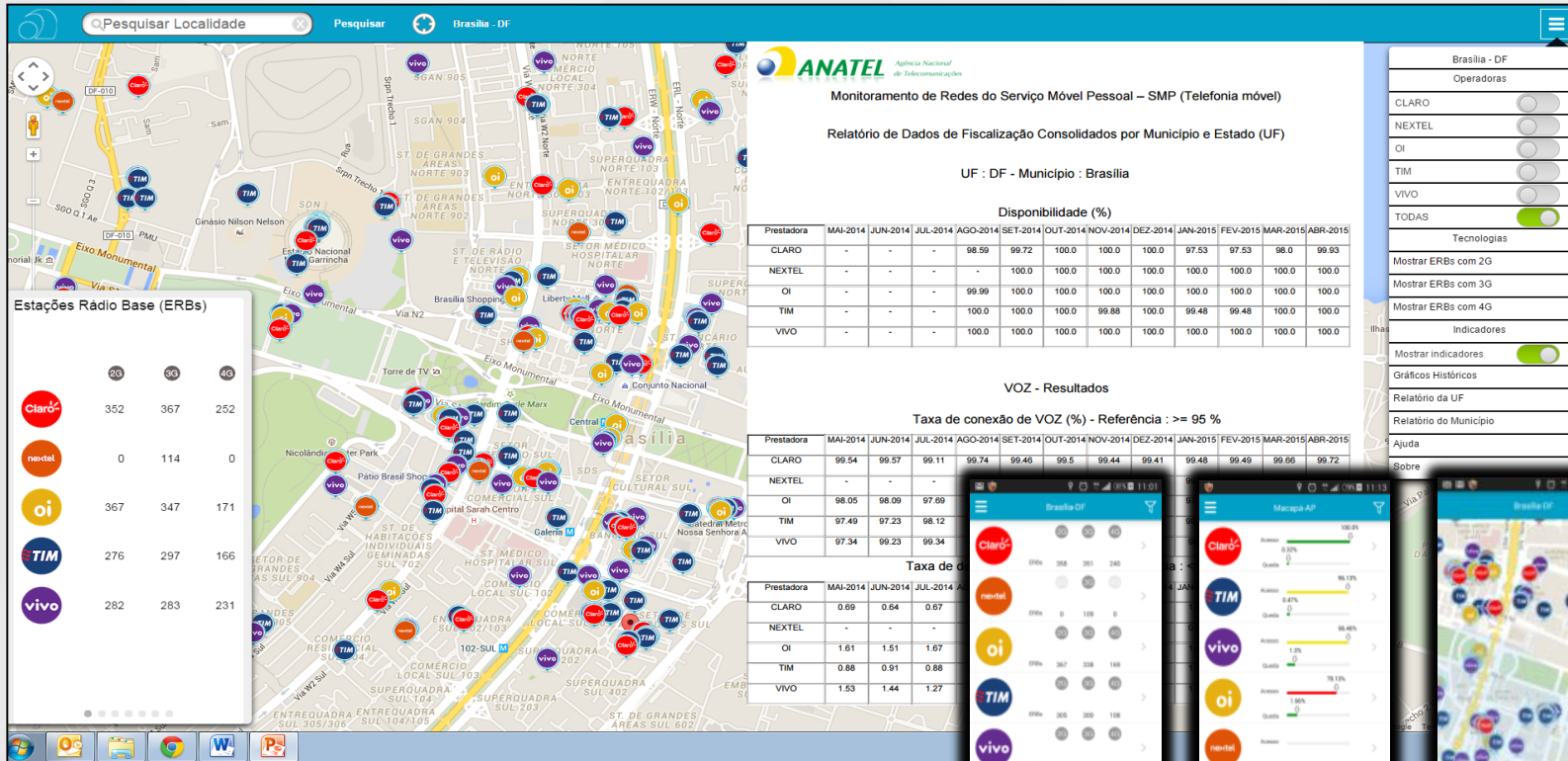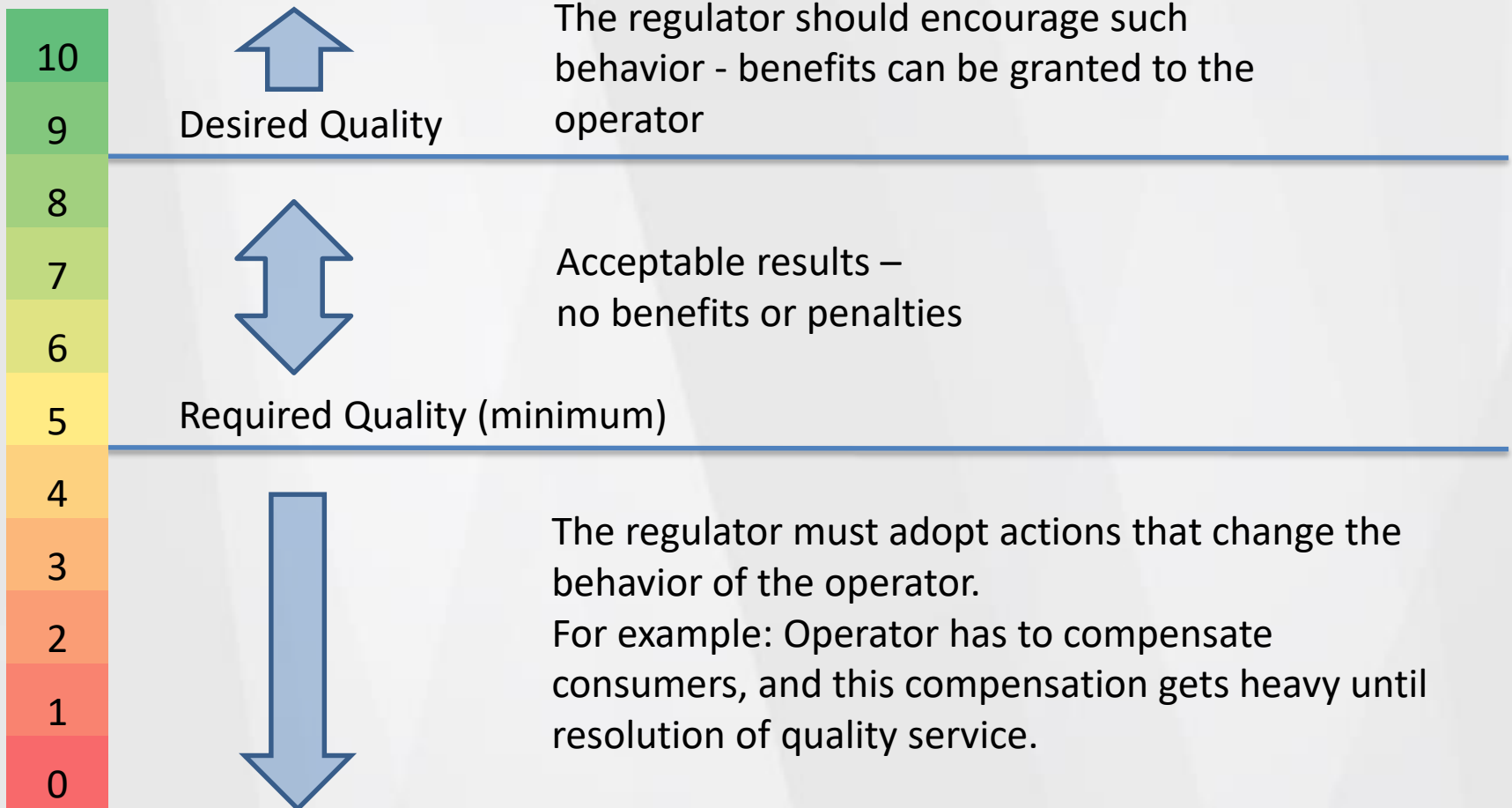

+ 350 k Downloads
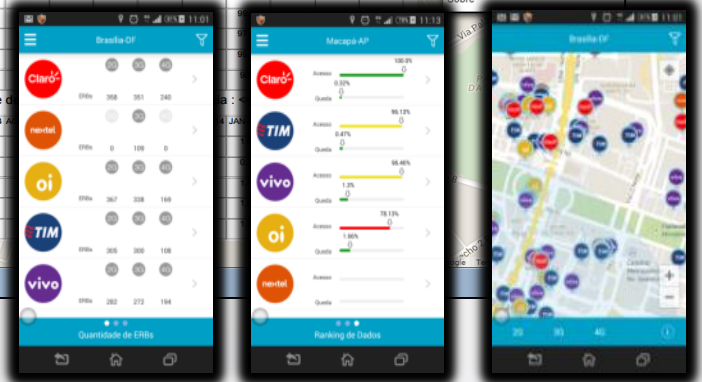
Android, iOS, Windows Phone

- ✓ Map of coverage
- ✓ Results for each of 5.570 municipalities:
  - ✓ Ranking
  - ✓ Historical results

Responsive Regulation

10	
9	Desired Quality
8	
7	
6	
5	Required Quality (minimum)
4	
3	
2	
1	
0	

The regulator should encourage such behavior - benefits can be granted to the operator

Acceptable results –
no benefits or penalties

The regulator must adopt actions that change the behavior of the operator.
For example: Operator has to compensate consumers, and this compensation gets heavy until resolution of quality service.

✓ Focus on resolution

Consumers Protetion

✓ Proposal of a maximum period of 5 days for repair and obligation to automatically reimburse consumers when this deadline is not met;

✓ The noncompliance with the required minimum level of quality frees consumers to change operator without payment of fidelity penalty

Conclusion

✓ **The major focus is to give good information to consumers**

  ✓ The rankings give power to consumers make his own decisions, and will stimulate a competion for quality (today our competition is price based).

✓ **The enforcement has to be efficient to change operator´s behaviors**

  ✓ Less disputes, more focus on problem solving;
  ✓ Responsive regulation

THANK YOU

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