

Telecommunications Regulatory Affairs Advisory Committee

Public Opinion Survey on Protection Measures for Telecommunications Service Consumers

Purpose

The Office of the Communications Authority (“OFCA”) commissioned the Social Sciences Research Centre of the University of Hong Kong (“HKUSSRC”) to conduct a telephone survey (“Survey”) in respect of four consumer protection measures implemented by OFCA and the telecommunications industry for the provision of telecommunications services in Hong Kong. This paper summarises the major findings of the Survey and the recommendations for follow up by OFCA and the industry.

Background

2. OFCA received and handled complaints from telecommunications service consumers from time to time on different aspects of their subscription to and use of various telecommunications services. In order to address these complaints and enhance the level of satisfaction for using telecommunications services by the public, OFCA has worked closely with the telecommunications industry to implement a number of regulatory and self-regulatory measures over the years. Four of such consumer protection measures are –

- (a) Industry Code of Practice for Telecommunications Service Contracts (“Service Contracts CoP”)

The Service Contracts CoP is a self-regulatory measure which has been implemented voluntarily by all major fixed and mobile service providers from July 2011 under which personal or residential users entering into new telecommunications service contracts or renewing their telecommunications service contracts are afforded enhanced protection, including better clarity of contract terms, provision of written confirmation for contracts concluded over telephone, opt-out option for free-trial service,

cooling-off period for contracts that are entered into during unsolicited visits to consumers' homes, enhanced procedures for service contract renewal and termination, better protection of customers in case the service providers vary the contract terms and conditions unilaterally, and fairer arrangement for customers' service relocation requests.

OFCA and the industry have ongoing review of the implementation of the Service Contracts CoP with regard to the received consumer complaints on contractual disputes. A number of enhancements have subsequently been made to the revised version of the Service Contracts CoP which has been implemented by the industry since 1 May 2015.

- (b) Guidelines for the Implementation of Fair Usage Policy ("FUP") for the Provision of Mobile and Fixed Broadband Services ("FUP Guidelines")

Promulgated by the former Telecommunications Authority since February 2012, the FUP guidelines provide a number of guiding principles for implementation of FUP in order to ensure a uniform and transparent application of FUP. The guiding principles serve to enhance customers' understanding on and awareness of FUP, thus enabling them to compare the different offers in the market and to make informed subscription decisions.

- (c) Measures Implemented by Mobile Operators to Prevent Mobile Bill Shock ("Mobile Bill Shock Measures")

With the increasing number of complaints received by OFCA relating to mobile bill shock which was mainly caused by unintentional or inadvertent usage of mobile data services, locally or while roaming outside Hong Kong, OFCA urged all mobile operators in May 2010 to adopt various Mobile Bill Shock Measures to address the problem. These measures have been collated and published by OFCA for general information of the public, and they include allowing customers to opt out of individual services, setting charge ceiling, setting usage cap, and giving alerts to customers through SMS messages.

(d) Customer Complaint Settlement Scheme for the Telecommunications Industry (“CCSS”)

The CCSS is a mediation scheme voluntarily implemented by the telecommunications industry to help resolve billing disputes in deadlock between telecommunications service providers and their residential/personal customers. OFCA facilitated the setting up of the CCSS for a trial period of two years starting from 1 November 2012. With the encouraging outcome of the trial, the proven demand from customers and the positive feedback from the industry, OFCA has supported the long-term implementation of the CCSS from 1 May 2015.

3. As the above four consumer protection measures have been implemented for some time, OFCA considers it opportune to get feedback from the public on them for consideration of any improvement in the future. In this connection, the Survey is to gauge the level of “awareness”, “effectiveness”, “willingness to use” and “promotion” towards the four measures with particular emphasis on the following features –

- (a) Service Contracts CoP: including the features of –
 - (i) written confirmation for contracts concluded over the telephone,
 - (ii) opt-out option for free-trial service,
 - (iii) no automatic renewal of contract unless with the prior agreement of the customer,
 - (iv) clearly specifying the arrangements for contract terminations, renewals, extensions and replacements in the main contract document, and
 - (v) a cooling-off period for contracts that are entered into during unsolicited visits to customers' homes;
- (b) FUP Guidelines: including the features of –
 - (i) advising customers whether their service plans are subject to FUP, and
 - (ii) setting out clearly in the advertising and sales materials the related restrictions if any form of FUP is applicable to the service plan;

- (c) Mobile Bill Shock Measures: including the features –
- (i) customers easily turning off mobile data or data roaming services,
 - (ii) offering a charge or usage ceiling,
 - (iii) alerting customers as pre-determined usage threshold is reached, and
 - (iv) sending alert to customers on data roaming usage; and
- (d) CCSS: general perception and usage of the scheme.

A total of 1,267 respondents were successfully contacted through randomly selected mobile numbers and interviewed over the phone. The major findings and recommendations of the Survey are summarised in the ensuing paragraphs.

Findings of the Survey

“Awareness” of the Consumer Protection Measures

4. According to the Survey, almost half of the respondents were or seemed to be aware of the measures in relation to Mobile Bill Shock and FUP Guidelines, while one quarter and only 5% of respondents were or seemed to be aware of those of Service Contracts CoP and CCSS respectively, as set out in Table 1 below.

Table 1 – Whether the respondents had heard about the consumer protection measures

	Mobile Bill Shock Measures	FUP Guidelines	Service Contracts CoP	CCSS
Yes	43%	43%	19%	4%
Seems yes	4%	3%	6%	1%
Subtotal	47%	46%	25%	5%
No	53%	54%	75%	95%

5. As shown in the demographic analysis of the Survey in Table 2 below, the following groups of respondents were more likely to report that they had not heard about each of the measures –

Table 2 – Summary of demographic analyses

	Mobile Bill Shock Measures	FUP Guidelines	Service Contracts CoP	CCSS
Gender	-	Female	Male	-
Age group	-	Over 60	18-30	-
Educational attainment	Primary or below	Primary or below	-	Tertiary
Employment status	Student or Retired person	Retired person	-	-
Monthly personal income	\$10,000 or less	\$10,000 or less	-	-

Observations

6. The relatively higher consumer awareness of the consumer protection measures in relation to Mobile Bill Shock and FUP Guidelines may be attributable to the facts that these two subjects have been the primary focus of OFCA’s publicity activities for the recent years. For instance, TV announcements and public seminars regularly provide consumer tips on these two subjects to the public. From the demographic analysis as shown in Table 2 above, respondents with lower educational attainment, retired persons and lower income groups were more likely to respond that they had not heard about these two measures.

7. On the other hand, measures in relation to Service Contracts CoP may only be acquainted by respondents during contract signing/renewing, say once for a contract period typically ranging from one to two years, as a result of which respondents may have comparatively less experience with these consumer protection measures than those in relation to Mobile Bill Shock or FUP Guidelines.

8. As for CCSS, the target group is those customers who have billing disputes with telecommunications service providers in deadlock, instead of all telecommunications service customers. Many respondents may not have come across billing disputes in deadlocks and therefore they have no

knowledge about CCSS. Further, the existing publicity for CCSS is comparatively less than those for Mobile Bill Shock and FUP measures. These may explain the scant awareness for CCSS in the Survey.

“Effectiveness” of the Consumer Protection Measures

9. From the respondents’ point of view, the consumer protection measures in relation to Mobile Bill Shock, FUP Guidelines and Service Contracts CoP were on average useful and scored above 3.5 (where 5 is highly useful and 1 is least useful). Among these three measures, Mobile Bill Shock Measures was rated the highest according to the overall mean score, followed by FUP Guidelines and Service Contracts CoP, as shown in Tables 3a to 3c below. As CCSS has its own specific target group as explained in paragraph 8 above, the Survey did not ask for responses about the effectiveness of CCSS.

Table 3a – Effectiveness of the consumer protection measures – Mobile Bill Shock Measures

	Mobile Bill Shock Measures			
	Alerting customers as pre-determined usage threshold is reached	Sending alert to customers on data roaming usage	Offering a charge or usage ceiling	Easily turning off mobile data or data roaming services
Mean score	4.40	4.34	3.98	3.73
Overall mean score	4.11			

Table 3b – Effectiveness of the consumer protection measures – FUP Guidelines

	FUP Guidelines	
	Setting out clearly in the advertising and sales materials the related restrictions	Advising customers whether their service plans are subject to FUP
Mean score	3.79	3.62
Overall mean score	3.71	

Table 3c – Effectiveness of the consumer protection measures – Service Contracts CoP

	Service Contracts CoP				
	No automatic renewal of contract	Arrangement clearly specified in the main contract document	Cooling-off period	Opt-out option for free-trial service	Written confirmation for contracts concluded over the telephone
Mean score	3.96	3.73	3.68	3.41	3.26
Overall mean score	3.61				

10. The respondents were also asked to assess how frequent the telecommunications service providers provided the consumer protection measures in relation to Mobile Bill Shock, FUP Guidelines and Service Contracts CoP. The results are summarised in Tables 4a to 4c below.

Table 4a – Frequency of implementing the consumer protection measures by operators – Mobile Bill Shock Measures

	Mobile Bill Shock Measures		
	Alerting customers as pre-determined usage threshold is reached	Sending alert to customers on data roaming usage	Offering a charge or usage ceiling
Often	68.4%	47.9%	41.0%
Sometimes	13.1%	26.3%	31.3%
Never	18.1%	25.8%	27.0%
Don't know	0.4%	-	0.7%

Table 4b – Frequency of implementing the consumer protection measures by telecommunications service providers – FUP Guidelines

	FUP Guidelines	
	Setting out clearly in the advertising and sales materials the related restrictions	Advising customers whether their service plans are subject to FUP
Often	33.7%	34.5%
Sometimes	34.9%	25.1%
Never	29.8%	38.9%
Don't know	1.6%	1.5%

Table 4c – Frequency of implementing the consumer protection measures by telecommunications service providers – Service Contracts CoP

	Service Contracts CoP				
	No automatic renewal of contract	Arrangement clearly specified in the main contract document	Cooling-off period	Opt-out option for free-trial service	Written confirmation for contracts concluded over the telephone
Often	46.7%	39.8%	14.0%	18.9%	34.8%
Sometimes	21.6%	30.5%	26.8%	27.2%	29.2%
Never	28.3%	21.5%	54.7%	50.6%	33.7%
Don't know	3.4%	8.2%	4.5%	3.3%	2.3%

Observations

11. For Mobile Bill Shock Measures, the two features that were considered most useful by the respondents were “*alerting customers as pre-determined usage threshold is reached*” (4.40) and “*sending alert to customers on data roaming usage*” (4.34). These two features do not require any subscription, registration or service charge. By sending alerts to customers directly through SMS messages once their usage threshold is reached or when they are travelling outside Hong Kong, these two features can effectively help prevent unexpectedly high mobile bill charges caused by unintentional or inadvertent use of mobile data services, and hence these features have drawn more attention of the public.

12. As regards the FUP Guidelines, the respondents rated the usefulness of the two features, namely “*setting out clearly in the advertising and sales materials the related restrictions if any form of FUP is applicable to the service plan*” and “*advising customers whether their service plans are subject to FUP*”, at 3.79 and 3.62 respectively. The overall mean score for the usefulness of FUP Guidelines was 3.71, which was lower than that of Mobile Bill Shock Measures at 4.11. It may be due to the fact that mobile operators are mostly offering limited usage plans to customers instead of unlimited usage plans nowadays, whereas FUP is normally applicable to unlimited usage plans only. For the frequency of adopting these two features of the FUP Guidelines, at least 29% of the respondents reported that their telecommunications service providers never implemented them as noticed from Table 4b above.

13. Among the five features relating to Service Contracts CoP, the respondents rated the usefulness of “*written confirmation for contracts concluded over the telephone*” the lowest at 3.26 and “*no automatic renewal of contract unless with the prior agreement of the customer*” the highest at 3.96. The higher rating for the latter may be due to the respondents’ greater concerns on contractual disputes arising from automatic renewal of contracts and/or the difficulties encountered on contract termination in the past before implementation of Service Contracts CoP measures.

14. Regarding how often the telecommunications service providers provided the five features of the Service Contracts CoP, it is worth noting that more than half of the respondents reported that the telecommunications service providers never implemented the features of providing “*a cooling-off period for contracts that are entered into during unsolicited visits to customers' homes*” (“*Cooling-off Period*”) (55%) and “*opt-out option for free-trial service*” (51%) as shown in Table 4c above. Among the respondents, retired and elder persons were more likely to respond that the telecommunications service providers never provided the features of the Service Contracts CoP as noted from the demographic analysis.

“Willingness to Use” in relation to the Consumer Protection Measures

15. Most of the respondents were willing to make reference to the relevant consumer protection measures or continue to use/try the measures in the future. The willingness level as shown in Table 5 below ranged from the highest at 83% for Mobile Bill Shock Measures to the lowest at 59% for CCSS.

Table 5 – Willingness to use or make reference to the consumer protection measures in future

	Mobile Bill Shock Measures	FUP Guidelines	Service Contracts CoP	CCSS
Yes	83%	78%	78%	59%
No	12%	17%	17%	21%
Not yet decide	4%	4%	5%	20%

“Promotion” of the Consumer Protection Measures

16. According to the Survey’s results as set out in Table 6 below, over 70% of the respondents rated all four consumer protection measures (CCSS in particular) as *“much more promotion is needed”*.

Table 6 – Rating for the need of promotion for the consumer protection measures

	Mobile Bill Shock Measures	FUP Guidelines	Service Contracts CoP	CCSS
Score 3 (Much more promotion is needed)	72%	72%	80%	84%
Score 2	20%	21%	13%	11%
Score 1 (Promotion is very sufficient now)	8%	7%	7%	5%

17. From the demographic analysis shown in Table 7 below, the following groups of respondents were more likely to rate the need of promotion for the measures concerned as *“much more promotion is needed”* –

Table 7 – Summary of demographic analyses

	Mobile Bill Shock Measures	FUP Guidelines	Service Contracts CoP
Age group	Over 60	Over 60	-
Educational attainment	Secondary or below	Secondary or below	Secondary and Tertiary

Generally speaking, respondents aged over 60 or with lower educational attainment were more likely to respond that much more promotion would be needed for the measures in relation to Mobile Bill Shock and FUP Guidelines.

Recommendation

18. As indicated from the outcome of the Survey, there is a need to enhance public awareness of the four consumer protection measures. OFCA will make reference to the survey data and demographic analysis in planning of the forthcoming publicity campaigns. For example, it is noted that consumers with lower educational attainment and elder persons may need more publicity on measures relating to FUP Guidelines and Mobile Bill Shock. OFCA will consider arranging more publicity and promotional activities, such as roving exhibitions, public seminars, community talks, as well as publishing advertorials in newspapers and magazines with a view to raising the public awareness of these four measures, including CCSS in particular.

19. Telecommunications services providers are encouraged to take note of the outcome of the Survey and consider taking appropriate actions to ensure that these consumer protection measures are implemented satisfactorily and provided to customers as appropriate and with necessary details. Service providers should also consider strengthening their customer services to those target groups of customers in need, in particular the retired and elder persons.

Views Sought

20. Members are invited to give views and comments on this paper.

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