

Review of the Billing and Metering Integrity Scheme (“BMIS”)

Telecommunications Regulatory Affairs Advisory Committee

16 December 2020



Background of BMIS

What is BMIS?

A set of integrity standards, testing criteria as well as self-appraisal, auditing and monitoring procedures to ensure accuracy in measuring call duration and billing the calls made

What is the objective of BMIS?

To enhance consumer confidence in the billing and metering accuracy of public telecommunications services

What is the scope of BMIS?

Public telecommunications services that are charged on the basis of time of usage, including mobile voice services, IDD services and dial-up Internet services

Who can participate in BMIS?

All telecommunications services operators can participate in BMIS on a voluntary basis

Development of BMIS



2003

Introduction of
BMIS

Voluntary participation
in BMIS for all operators

2006



2011

Review of BMIS
with scope unchanged

Further Review of
BMIS

Present

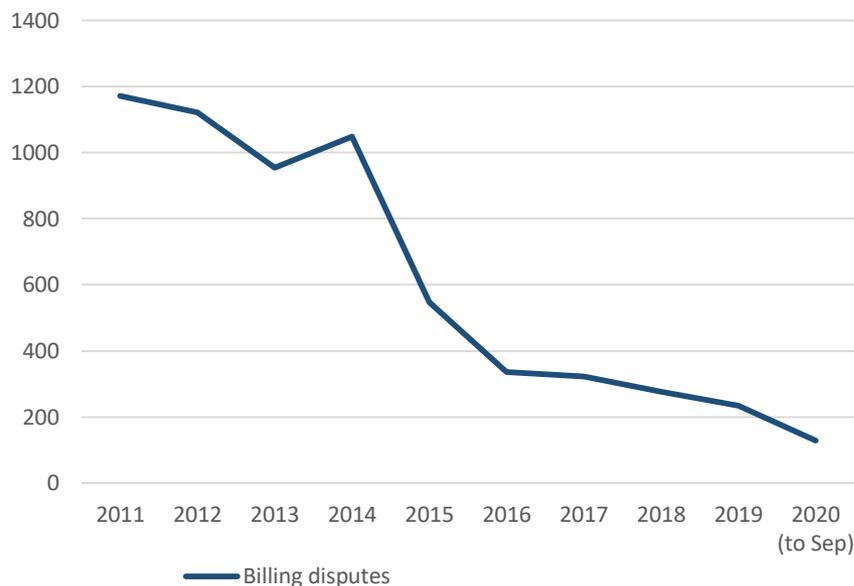
2020 and onwards



Consideration:

1. Declining Number of Complaints on Billing Disputes

Number of complaints on billing disputes received by OFCA



- Complaints on billing disputes ↓ significantly over the years
- Among the 128 complaints received in the first three quarters of 2020:
 - ❖ Only 2 complaints (2%): Might be related to billing and metering accuracy, but not involving systematic issues

2. Substantial Changes in Telecom Services Markets

- Services covered by BMIS are either **no longer time-based charged** or **have become less important** nowadays

Mobile voice services



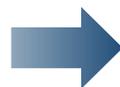
- Unlimited usage / thousands of voice minutes per month
- Voice-based services less important than data-based services

IDD services



- Substitutes for IDD services (not time-based charges) (e.g. VoIP services, WhatsApp and WeChat calls)
- Significant reduction (by 78% from 2011 to 2019) of IDD traffic

Dial-up Internet services



- Replaced by fixed broadband services
- Significant drop (by 96% from Dec 2011 to Jul 2020) in number of registered dial-up access lines

3. No Systemic Billing and Metering Accuracy Issues for Services and Operators not Covered by BMIS

Services not covered by BMIS

- Fixed broadband and mobile data services have become more prevalent nowadays, but not many complaints concerning billing and metering accuracy arising from them

Household fixed broadband penetration rate ¹	>95%
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Mobile data subscription penetration rate ¹	>277%
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Number of cases in 2020 (up to Sep) which might be related to billing and metering accuracy concerning fixed broadband or mobile data services	1 out of 128 (~1%)
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Operators not covered by BMIS

- Some participating operators have opted out of BMIS since 2006 but no surge in billing disputes after their departure

Note (1): Data as of July 2020

4. Other Measures – Licence Condition

Special Condition 9 of UCL and Special Condition 5 of SBO Licence

- The licensee shall take all reasonable steps to ensure that any metering equipment and billing system used in connection with the service is accurate and reliable
 - At the written request of the CA, the licensee shall conduct tests on its metering equipment and billing system to assess its accuracy, reliability and conformity to the technical standards if any specified by the CA
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- Licence Condition has a much wider scope than BMIS
 - Compliance with Licence Condition is mandatory while participation in BMIS is voluntary



4. Other Measures – Code of Practice in Relation to Billing Information and Payment Collection for Telecom Services (“CoP”)

The CoP

- Participating operators shall take all reasonable, necessary and practical steps to ensure that their billing information provided to customers are accurate and error-free in respect of all forms of bills and means of payment
 - Set out a mechanism for participating operators to report systematic errors in billing information and payment collection to OFCA
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- The CoP encompasses not only time-based charged services but also services based on other charging regimes
 - The CoP covers not only billing and metering accuracy, but also the type of information that shall be provided in the bills as well as the requirement to report systematic errors

4. Other Measures - Customer Complaint Settlement Scheme (“CCSS”)

CCSS

- A voluntary mediation scheme set up by the telecom industry to help resolve billing disputes in deadlock between telecom services providers and their customers
- CCSS has a wider scope than BMIS encompassing all kinds of telecom services
- All major telecom services providers in Hong Kong have participated in the scheme
- Over 98% of 880 cases handled through CCSS were successfully resolved



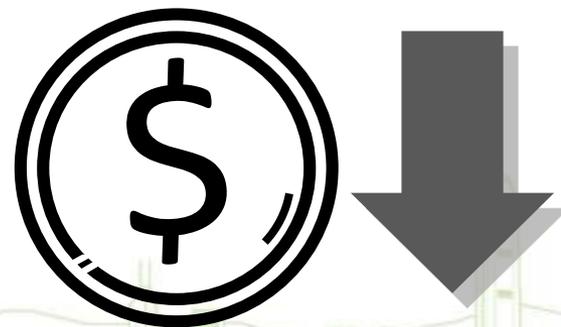
5. Reduce compliance cost

Conduct monthly tests on metering equipment and billing systems

Prepare monthly test reports on a semi-annual basis

Prepare assurance report on compliance status on an annual basis

Participating operators of BMIS can reduce compliance cost after the abolition of BMIS



The Proposal

- Based on the above considerations, **OFCA proposes to abolish BMIS starting from Jan 2021**
- While BMIS is planned to be abolished, the existing measures, namely **the Licence Condition, the CoP and the CCSS, would remain in force and continue to provide protection for consumers** in respect of billing and metering issues



Way Forward

- OFCA will consider the views and comments received from Members before finalising a decision on the subject
- If it is decided to abolish BMIS, OFCA will issue circular letters to the industry informing them of the decision and the relevant arrangement



Thank You

