

Vodafone Idea Limited

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Response to the Consultation Paper on Regulation of International Mobile Roaming Services- Consultation Paper No. 5/2020 dated May 26, 2020

Vodafone Idea Limited (VIL) is pleased to provide its comments to the Consultation Paper, which focusses on the review of the regulatory framework to prevent instances of bill shocks to consumers availing International Mobile Roaming Service (“**IMR Service**”).

Question 1: Should not the IMR service remain inactive at the time of issue of the sim till the same is activated by the subscriber as a part of the IMR tariff-selection exercise? Please elaborate your submissions.

At the outset, VIL submits that preventing bill shocks, benefits both subscribers and Telecom Service Providers.

The Authority has mentioned in the CP that:

- The knowledge of the exact status of the activation of international roaming is critical. There may be subscribers who, for any reason including the ignorance of requirement of activation, do not activate the IMR Service before proceeding to travel abroad; and are left stranded in an alien place due to the lack of access to the telecom services;
- Similarly, if the IMR Service is pre-activated or automatically activated, subscribers unaware of the activation might carry their mobile phones while travelling to other countries, and without any intention of using voice calls/data/SMS might end up inadvertently with huge bill payment liabilities; and
- The automatic activation of roaming may turn out to be a cause of bill shock for them due to the data usage in the background by the installed applications even when not using the phone actively, the applications installed on the phone may be using mobile data in the background leading to a huge data bill.

In this regard, there are three aspects which require consideration:

- a) Data use assessment is more complex for consumers due to background applications update, emails and notifications compared to voice and text usage. Further, data roaming rates tend to be significantly higher and can be the main cause of bill shock.
- b) Bill shock is understood as, *“the negative reaction a subscriber can experience if their phone bill has unexpected charges”* (Para 2.11 of the CP referring to OECD Consumer Policy Toolkit Workshop on Communication Services). This OECD document further mentions that “Bill shock” occurs when wireless users receive unexpectedly large monthly bills for their use of communications services. This can

occur when a consumer unknowingly exceeds plan limits for voice, text or data or incurs unanticipated international roaming charges when travelling abroad.

It is submitted that since consumers using prepaid services pay before use, they cannot experience bill shock. Prepaid service customers cannot incur unanticipated charges and have in-built control through the balance in their pre-paid. Further, these customers get information of balance deduction on real-time basis.

- c) TRAI has mentioned in the CP that in absence of knowledge of activation, subscribers can be left stranded in an alien place due to the lack of access to the telecom services

At present the following practice is followed by VIL:

- a) In case of Postpaid, IMR is not given as default at the time of issue of SIM and the customer has to activate the IMR. In this case the customer can opt for Standard Rates or International Roaming Pack (wherever applicable) at the time of activation. Therefore, in case of postpaid customers, IMR service remains inactive at the time of issue of the SIM till the same is activated by the subscriber as a part of the IMR tariff-selection exercise.
- b) Data service is not activated for a postpaid IMR customer where Standard Rates apply until and unless the customer gives the consent. Thus data services are barred by default, when a customer latches on to a foreign network, in case they have travelled without taking an International Roaming Pack (IR Pack) or have travelled to a country which is not covered by the IR pack.
- c) In case of Prepaid, considering that bill shock risk is not there, IMR is given by default at the time of issue of the SIM. In Prepaid, at the time activation the Standard Rates apply and International Roaming Pack (IR Pack) can be availed later by subscriber. Further, VIL is working towards Data International Roaming Service being not active by default in case of prepaid subscribers and the customer opting in to avail the same after latching on to foreign network , where the connection is active on Standard Rates.
- d) This is over and above the Authority's mandate *vide* sub-clause (4) of clause 10A of Telecom Consumers Protection (Eighth Amendment) Regulations, 2015, that,

“Every service provider shall, through SMS or USSD, provide to all consumers of the Cellular Mobile Telephone Service, having international roaming facility on their mobile connection, an alert, immediately after the consumer roams outside the territory of India, advising the consumer to deactivate the data services in his mobile phone if he does not intend to use data services while roaming outside the country.”

We submit that the above mentioned approach prevents or minimizes the bill shocks to large extent.

Thus, in our view, as post-paid customers can face a bill shock, therefore, in their case, IMR service should remain inactive at the time of issue of the SIM and till the same is activated by the subscriber himself as a part of the IMR tariff-selection exercise.

However, considering that in absence of knowledge of activation, a postpaid customer can be left stranded in an alien place due to the lack of access to the telecom services, Voice and SMS can be considered to be provided as default in IMR.

In case of prepaid, as there is no bill, the customer has in-built control through the talk time balance, and customer being informed on real time basis of balance decrement on use, IMR service should be active at the time of issue of the SIM.

We submit that as appropriate steps are being taken in regard to IMR activation and tariff selection, there is no need for any mandate in this regard. In case, any improvement is desired in the interest of consumers, we submit that same should be discussed with the industry for taking the same forward.

Question 2: Should it not be mandatory to communicate the details of activation and applicable tariff immediately by SMS or email on completion of the tariff-selection exercise by the subscriber? Please give your views.

Communication of the details of activation and applicable tariff immediately by SMS or email on completion of the tariff selection exercise by subscriber is necessary.

Tariff selection (i.e. Standard rate or IR pack, where applicable) is relevant in case of Postpaid, hence information on tariff selected and details of activation are required to be communicated in case of Postpaid customers on completion of tariff-selection exercise.

In case of Prepaid, since only Standard Rates apply and IMR is activated by default, the respective communication is required at the time of issuance of SIM and on SIM activation through SMS or email. In case of IR pack selection, the communication is provided to the customer through SMS and/or email.

It is submitted that since these practices are being followed in the manner mentioned above, there is no need to regulate the same.

Question 3: Should not the tariff details and related terms and conditions be communicated to subscribers of IMR service by SMS and /or email as soon as the phone is switched on in the visiting country by the subscriber. Please elaborate your views.

The tariff details and related terms and conditions must be communicated to subscribers of IMR service by SMS and /or email as soon as the phone is switched on in the visiting country by the subscriber and the same is being followed.

Communication of tariffs to customers, either upon IR pack purchase or upon latching on to a foreign network is certainly required to ensure customers are aware of applicable tariffs for IMR services in the visited country. Currently, if a customer activates the IMR service or IR pack online (app or web), they are also asked to indicate their countries of travel in the online journey, basis which applicable Standard Rates or applicable pack benefits for the selected countries are shown to the customer. Additionally, roaming alerts are sent to the customers as soon as they land into a foreign country. An activation SMS is also sent, which details out the pack benefits and the overage rates for pack users and gives a link for checking country wise applicable tariffs in case of IMR service.

Question 4: Please give your views on the significant differences in tariffs for IMR Service under Standard Rates and IR Packs. Furthermore, your views are solicited as to how these two rates can be rationalized.

The international roaming market has many challenges, such as:

- Different types of services – voice, sms and data;
- Origination and termination of Voice calls and SMSs;
- Price and demand elasticities;
- Traffic and revenue flows;
- Extent and nature of wholesale discounting; including minimum commitments;
- Effectiveness of traffic direction;
- Switching of operators between foreign roaming partners;
- Substitutability of local SIM cards and Wi-Fi with international roaming; and
- OTT Communications and Wi-Fi.

Till recently there were only Standard Rates and IR Packs have emerged in past 2-3 years. The data need of customers has led to introduction of IR Packs.

The rationale of tariffs for IMR service under Standard Rates and under IR Packs is different. The Standard Rates are pay as you go basis, whereas the IR packs are for a period of usage with certain limitations on overall use.

In foreign networks where IR Packs are available, we have observed that there are a large number of customers who have opted for IMR with tariffs of Standard Rates. In USA only we have proportion of 65% of postpaid customers who are actually roaming on IR packs and 35% on Standard Rates. In case of Prepaid Customers, out of actual roamers, 80% are on Standard Rates and only 20% are on IR packs.

Standard Rates which allow the subscriber to pay only for actual usage are relevant for a low user who is happy to use SMS or occasionally voice calls. The difference in tariffs under Standard Rates and IR packs have strong economic/commercial rationale to merit such a distinction. We reiterate that segments of users may be different (SMS only or SMS plus occasional voice) in case of Standard Rate roamer against Data User in case of IR Pack. Further with a family going for a foreign trip it may not make sense that everyone is on the IR Pack, which will increase the family bill on IMR. It may happen that many family members may have Data Service de-activated and use the mobile for SMS and/or voice only and they will be happy with Standard Rates. We have observed that there are many users abroad who have taken Indian pre-paid Card and they use it only for messages or for receiving OTP for digital transactions.

There are conditions of minimum commitment to foreign operator in terms of minimum volume of traffic or minimum fixed amounts payouts to them in certain agreements and that also determines the tariffs / IR packs / Standard Rates.

While the offered rates under IR packs are lower than the standard rates, given the average usage on packs, the realized rates on IMR packs are reasonably higher than the offered rates. Hence the comparison, as shown in the CP of Rs.575/- daily IR pack in USA with Standard

Rate may not be fully correct. Further the rigidity of period in case of IR Packs is the key factor to ensure the revenues.

Since there are multiple countries covered under the same pack, wherein there are some countries with relatively higher rates and some countries with lower rates. The low cost countries, in a way, help subsidize for the higher cost destinations to some extent. This is the common principle followed in pricing across categories, wherein a higher upfront commitment at wholesale level gets better rates based on law of averages. In many cases these commitments will be together for a set of foreign networks in different countries.

There has been reduction in bill shock cases due to default set as 'data service deactivated' in case of Standard Rate IMR users and also due to IR Pack introduction. Any automatic activation of pack benefit, if billing on the Standard Rates cross the daily pack, should be seen as a step in the interest of the customer. The TSP may benefit or may not benefit from the continuation of the customer on Standard Rate, which is only a future event that may be determined by the use by customer. We request that such steps should not be seen as 'bill shock trap'.

It is important to understand that any regulatory intervention in the rates, due to difference in tariffs for IMR under Standard Rates and IR, will result in unintended consequences for industry, decrease in overall revenues and will be detriment to overall long term consumers' interests. The factors mentioned in the beginning of the answer are relevant and determination should not be done basis a limited point.

We refer to GSMA's paper on International Roaming Explained (Asia Pacific)¹ , which mentions as follows:

'Mobile operators offer users a menu of tariffs where they can choose tariffs depending on their preferences. With different needs and uses, mobile users can choose the most appropriate tariff to suit them. If regulation determines one price over another, this would mean regulation effectively favours one group of mobile users over another.

As a result of the trend towards higher volumes of data downloaded, operators have introduced innovative data tariff packages, including flat rate daily, multi-day, weekly and monthly bundles, which deliver transparency and often significantly lower prices per megabyte than were previously available. Examples of different tariffs available in the region include: Fixed or flat fee Similar charges for using the same network provider abroad Alliance partnerships (SIMs that works in specific countries at same rate) Flat-rate data-only SIMs that work in multiple countries Call home rates equivalent to local rates. It should be noted that the structure of these roaming tariffs varies widely, from opt-in regional rates and monthly bundles for post-paid customers, to prepaid roaming tariffs and credits."

The paper further mentions that:

"The industry recognizes the concern of regulators regarding international mobile roaming prices. However, regulators need to also recognize that international mobile roaming is a complex service, involving many different factors that can influence price, as described in this

¹ <https://www.gsma.com/publicpolicy/wp-content/uploads/2012/09/Asia-International-roaming-explained-English.pdf>

brochure. This complexity creates a significant risk that regulatory measures will result in unintended, detrimental consequences for mobile users, governments and the industry, particularly in the long term. Regulating price may result in short-term benefits for mobile users; however, these are more than likely to be offset in the long-term by a reduction in the level of competition and innovation, as evidenced by the European Union experience. It is for this reason that the industry supports a measured approach to regulation, where regulators:

- Encourage operators to take measures that enhance mobile user awareness (transparency and bill shock) of tariffs when they travel
- Address structural barriers that increase costs for service providers and mobile users, such as double taxation and international gateway monopolies, as well as those barriers that hold back the development of market based substitutes
- Only consider price regulation after:
 - Other measures have been given sufficient time to conclude there is a persistent problem
 - Clear evidence shows that operators offering roaming services have market power — that is, competition in the market for roaming services is limited
 - Clear evidence shows that the operator company derives its market power from owning a natural monopoly
 - Clear evidence shows the benefit exceeds the cost of regulation.”

Question 5: Should not the IR packs apply automatically the moment subscriber's expenses on IMR Services exceed the corresponding daily IR Pack rate unconditionally for all the countries for which the service provider is offering IR Packs?

We submit that in practice, in case of VIL, on postpaid respective IR pack applies automatically the moment subscriber's expenses on IMR Services exceed the corresponding daily IR Pack rate, provided the customer has previously subscribed to IR Pack. IR pack does not apply automatically in any situation to a customer who has always been on Standard Rate and who has never opted for IR Pack.

However, we submit that IR packs have been introduced by TSPs pro-actively after entering into certain arrangements with foreign operators and after taking risks on minimum commitments. In the products like IMR where number of factors are involved and billing is critical, any such intervention is not required. These products are being in introductory stages and negotiations with various foreign operators are based on the fact that there are no regulatory interventions. At present 40-45% countries are covered by IR Packs. Thus, it is requested that information on practice be sought from TSPs and there should not be any corresponding mandate.

With measures in place to prevent any bill shocks to the consumers where all steps are taken to ensure customers are made aware of applicable tariffs for IMR services & the available IR pack options, it should be left to TSPs to decide how they want to implement this.

Question 6: Can IR Packs presently offered for one day duration be used to subscribe for multiple days to avail IMR Service? Whether the TSPs be mandated to permit

combination of different IR plans as per requirement of the consumer? Please elaborate your submissions.

VIL presently offers IR packs with various validity options – 1 Day, 7 Days, 10 Days, 14 Days and 28 Days. And, the way the 1-day pack works (also called auto-roam pack) is that it applies for a day at a time based on customer's usage on international roaming. E.g, if a customer has travelled to a country for 10 days and has taken the daily pack, the pack will be available for all 10 days, but the customer will be charged the daily pack rental only for the days that customer makes any usage. Effectively, customer has an option not to commit for all 10 days in one go, and still keep getting the pack benefits only when he/she needs and be able to avoid charges as per standard rates.

TSPs already provide multiple and convenient IR pack options to their customers, which have evolved over time basis consumer demands and market forces. It is already quite dynamic, wherein TSPs keep introducing new and innovative options for consumers from time to time and very frequently. We, therefore, feel there is no need for any such mandate. The flexibility has to be given to TSPs which will help in innovations in tariffs.

Question 7: Why should not the IMR tariff be counted in 24 hour format on the first use of data, making or receiving a call or sending a text message and renewing the charges for only those 24-hour periods in which the services have been used rather than on calendar day basis .? Please elaborate your submissions.

Offering packs by hours is something we have explored in past, but we have observed that customers are more comfortable with a day wise format vs the 24-hour format as that's what they are used to. The more important aspect, here, we need to address is that there should be options available to customers for buying the packs from the date they wish to through pre-booking / advance purchase facilities.

We are, therefore, would like to continue with the day-based format for the validity of IMR packs.

The IR packs are priced on certain assumptions and behavior patterns and changes of such nature will have impact on overall pricing.

We submit that there should not be any mandate on this aspect and flexibility be allowed to TSPs.

Question 8: In consumer interest why it should not be mandated for the service providers to send updates in respect of the data usage exceeding certain pre-established milestones such as 50%, 80%, 90% and 100% of the data entitlement? Please give your views.

We would like to confirm that this is already in practice for all our IR packs and the alerts are being sent for exceeding of data usage at 50%, 90% and 100% of the consumption of the pack entitlement.

We, therefore, suggest that since this is something already in practice, it should be left to the TSPs who can continuously assess it from customer experience standpoint. It does not require a mandatory provision as it is being followed.

Question 9: Will it not be advisable to mandate the TSPs to inform the subscriber by SMS every time the subscriber lands in a country/area not covered by the IR Pack subscribed, of the fact of roaming in an uncovered zone, and the tariffs applicable thereto? Would the aforesaid requirement suffice or whether alongside this, the TSPs be mandated to keep the mobile data in the inactive mode and activate only in accordance with the directions of the subscriber? Are there any other measures that can be taken to cover the situation as detailed?

We would like to reiterate that data service is not activated for a postpaid customer where Standard Rates apply until and unless the customer gives the consent. Thus data services are barred by default, when a customer latches on to a foreign network, in case they have travelled without taking an International Roaming Pack (IR Pack) or have travelled to a country which is not covered by the IR pack.

In case of Prepaid, considering that a decreased risk of bill shock is in-built, IMR is given by default at the time of issue of the SIM. In Prepaid, at the time activation the Standard Rates apply and International Roaming Pack (IR Pack) can be availed later by subscriber. Further, VIL is working towards Data International Roaming Service being not active by default in case of prepaid subscribers and the customer opting in to avail the same after latching on to foreign network.

This is over and above the Authority's mandate *vide* sub-clause (4) of clause 10A of Telecom Consumers Protection (Eighth Amendment) Regulations, 2015 wherein, accordingly it is advised to the consumer to deactivate the data services in his mobile phone if he does not intend to use data services while roaming outside the country.

In light of the fact that practice is already existing, no mandate is required.

Question 10: What are your views on the measures suggested in para 3.20 to protect the consumer from bill shocks dues to usage of services beyond the pack entitlements? Please provide your views on each of the above measure and suggest additional measures, which in your opinion can be helpful in addressing the issue.

Please refer to Answer to Question 5, which addresses this issue. We again request that there is no need to mandate in light of the reasons given above.

Question 11: Any other issue relevant to the subject discussed in the consultation paper may be highlighted.

We submit that IMR is a bilateral arrangement and the issues are complex and there is dependence on quality of service of the foreign network. Further, TSPs have been taking proactive steps in the interest of consumers. Bill shock is neither in interest of customer nor of operator. This has been shown as being addressed in the information provided with respect to the customer communication, alerts, tariffs etc. Therefore, we submit that regulatory mandate is not required. TRAI should consider any regulation if other measures have been given sufficient time to conclude that there is a persistent problem. There is no evidence given

in the CP that there is a persistent problem due to Indian TSPs. We, therefore, request that instead of mandating, TRAI should encourage operators to take measures that enhance mobile user awareness of tariffs when they travel and address any structural barriers faced by the Indian industry.