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CONSULTATION PAPER ON CHARGING OF CALLS TO TOLL FREE NUMBERS FROM MOBILE PHONES

This Paper intends to seek the comments of all stakeholders including telecom operators, toll-free users, consumer groups and general public. Comments are requested to be provided, preferably through email, latest by 26th March 2010. This Paper does not convey, in any sense, any decision of Authority in respect of the issues discussed in this Paper.

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1. INTRODUCTION

A toll-free or freephone number is a special telephone number, in which the called party is usually charged the cost of the calls by the telephone operator, instead of calling party. The cost of the call to the called party may be based on factors such as the amount of usage of number, the cost of the trunk lines to the facility, and possibly a monthly flat rate service charge. The called party may use a freephone number to:

- charge the calling party in another way, such as for technical support calls;
- make a sale following the call to the toll-free number;
- enhance the sales with the inclusion of toll-free support; or
- improve customer satisfaction by providing free after-sales support in certain products/services.

2. BACKGROUND

In Pakistan, the Authority allocates toll-free numbers (starting with 0800) to applicants for facilitation of callers in accordance with the provisions of Pakistan

Telecommunication (Re-organization) Act, 1996 and 'Numbering Allocation & Administration Regulations, 2005' .

As far as the charging of toll-free numbers is concerned, the Authority approved PTCL's RIO for fixed-line operators in year 2004 in consultation with all stakeholders and determined the framework for inter-operator charging for all types of calls including freephone calls. As per clause 3.3 of the said RIO, it was agreed that the fixed-line operator that originates the call will be paid a standard interconnection charge as per the charges outlined in RIO, which will be based on time of day as well as distance from the calling party to the point of interconnection with the operator connected to the freephone service provider. However, if there is no point of interconnection between the operator originating the call and the operator terminating the call then a third-party operator may carry the call between the originating and terminating operators against which the third-party operator will receive a transit charges depending on time of day and distance between the two points of interconnection with the originating and terminating operators respectively. As per the RIO, the terminating operators are obliged to pay originating operators interconnect charges for all calls whether the billed revenue is collected from freephone providers or not.

The Authority reviewed the PTCL's RIO for fixed-line operators in July 2007 and decided, after consultation with all concerned parties, that existing arrangement for inter-operators charging regarding toll-free number calls shall remain unchanged.

Earlier, toll-free numbers could not be accessed from mobile phones, due to which a significant number of users remained un-served by the respective organizations using toll-free numbers. However, the Authority while approving PTCL's RIO for mobile operators in March 2006, allowed the access to toll-free numbers by mobile users on mutual agreement without any inter-operator charge between respective mobile operator and freephone service provider (PTCL). However, mobile operators were allowed to charge their users any reasonable tariff for calls made to freephone numbers.

This arrangement was again reviewed in November 2008 while revising the PTCL's RIO for mobile operators and it was decided through consensus that the said arrangement will continue for future as well.

3. THE ISSUE

In October 2009, K&Ns Foods (Pvt) Limited (a non-licensee user of toll-free number) shared the concerns of their customers with PTA that they are being charged by mobile companies for making calls to toll-free number. They submitted that there should be some mechanism for facilitation of users so that they can make free calls to toll-free numbers from all networks. The same issue was also highlighted by different groups in 'Telecom Consumer Forums' arranged by PTA.

4. POSSIBLE CHARGING MECHANISMS FOR CALLS FROM MOBILE PHONES TO TOLL FREE NUMBERS

In order to make toll-free calls, originated from mobile networks, free of cost to end-users while at the same time compensating mobile operators on account of usage of their networks, following options may be considered:

4.1 Option I - Service Provider Pays to Mobile Operators

In this option, the services providers (like PTCL) will pay origination charges equivalent to mobile termination rate (i.e. existing Rs. 0.90/min.) to mobile operators against toll-free calls originated from CMOs. The cellular mobile operators will not be allowed to levy any charge from their subscribers, who can enjoy free calling to toll-free numbers. However, the said regime will increase the costs of service providers (like PTCL) which may rationalize the charging from toll-free users (such as K&N Foods) to cover their costs. The risk of bad debts will be borne by service providers and they will ensure full payment of dues to CMOs irrespective of the fact whether they receive their dues from users of toll-free numbers or not.

4.2 Option II - Toll-Free Number User Pays to Mobile Operators via Service Providers

This option is similar to the one mentioned in 4.1 above with the exception that the cost of mobile termination rate will be borne by users of toll-free numbers (i.e. K&N Foods) instead of service providers (like PTCL). The rationale behind this approach is to facilitate the end-users by making calls to toll-free numbers free of cost (whether dialed from fixed-line or mobile networks) and to put the extra financial burden on the beneficiaries i.e. users of toll-free numbers (i.e. K&N Foods).

The flow of payment in this option will be as follows:

- (i) The users of toll-free numbers (like K&N Foods) will pay mobile termination rate to service providers (like PTCL) against all calls originated from CMOs and terminated on toll-free numbers.
- (ii) The service providers (like PTCL) will pay the mobile operators origination charges equivalent to mobile termination rate for toll-free calls originated from mobile networks. The risk of bad debts will be borne by service providers and they will ensure full payment of dues to CMOs irrespective of the fact whether they receive their dues from users of toll-free numbers or not.

5. INTERNATIONAL PRACTICES FOR TOLL FREE CALLS FROM MOBILE

It will be worthwhile to note the practices of other countries for charging of calls to toll free numbers from mobile phones. Following table highlights the charging regime prevalent in nineteen (19) countries:

S. No.	Country	Access to Toll Free Numbers from Mobile Networks	Charging Regime/Remarks
1	Belgium	Blocked	
2	Brazil	Vary by Carrier	Embratel customers are blocked by default and must request their carrier before making calls
3	China	Blocked	
4	Denmark	Blocked	
5	France	Allowed	Mobile operators may charge airtime from their customers
6	Germany	Blocked	
7	Greece	Blocked	
8	Ireland	Blocked	
9	Italy	Blocked	
10	Japan	Blocked	Mobile customers are blocked by default and must register with their carrier before making calls
11	Luxembourg	Blocked	
12	Malaysia	Allowed	Mobile subscribers are charged with retail tariff for making such calls
13	Netherlands	Blocked	
14	New Zealand	Blocked	Mobile customers are blocked by default, however they can request an exception from their carriers
15	Spain	Allowed	Air time is charged
16	Sweden	Vary by Carrier	Access through mobile is dependent on carrier. Telia, the national carrier blocks the access.
17	Switzerland	Blocked	
18	Taiwan	Vary by Carrier	KG Telecom blocks access while all others charge air time
19	UK	Allowed	Air time is charged

It can be seen from the above table that most of the countries do not allow mobile users to access the toll-free numbers and the countries where access is available from mobile phones, the mobile operators charge airtime tariffs from their users for making calls on toll-free numbers.

- Q.1 Does present charging regime of charging mobile users with airtime for calling toll-free numbers needs revision?***
- Q. 2 If you are of the opinion that toll-free mobile calls to end-users should be free of cost, which of the above-mentioned options do you suggest to be followed in Pakistan? Please give justifications for your proposal.***
- Q.3 Do you have any other mechanism to propose which can be considered for charging toll-free calls from mobile phones? Please support your proposal with reasons or reference to international practices.***