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Notices issued to mobile operators

By A Reporter

ISLAMABAD: The Competition Commission of Pakistan (CCP) on Monday issued show-cause notices to all the five mobile companies operating in the country for deceptive marketing and charging hidden fees from consumers.

The notices have been issued to Mobilink, Ufone, Telenor, Zong and Warid for alleged violation of Section 10 of the Competition Act, 2010.

The CCP took notice of the imposition of additional charges by the mobile companies at the time of reload of balance for prepaid connections.

The CCP has said that the additional charges were introduced for the first time in July 2011 under various titles, such as operational charge, maintenance fee, administrative fee

etc. and ranged from 1.0pc to 1.5pc.

Later on, the percentage of these additional charges was revised and increased by the mobile companies in 2012, and again in 2013.

To determine the extent of hidden charges, the CCP initiated an enquiry, which revealed that currently these additional charges range from 3pc to 5pc.

The enquiry report was finalised on Nov 20, and based on this report the CCP decided to issue show-cause notices.

The report said that deduction of additional charges at the time of every reload of balance apparently does not relate to any specific service being rendered to consumers.

“These additional charges may constitute ‘hidden’ costs of acquiring cellular telecommunication services, giving the impression that the prices of such services are lower than they

actually are, thereby constituting a deceptive marketing practice in violation of Section 10 of the Competition Act, 2010,” the report added.

The CCP report said that Pakistan’s mobile communication services market comprises some of the world’s largest and most experienced telecom companies, including Orascom (Egypt), Telenor (Norway), Warid Telecom (Abu Dhabi Group), China Mobile and Etisalat (UAE based company).

Cellular mobile facilities are now available to over 90pc of country’s population, as total mobile subscribers have reached more than 100 million.

The tele-density of the country has reached 68.39pc, with a hike of 6.7pc per annum. Mobilink continues to lead the mobile subscribers market with 30.7pc share chased by Telenor (24.5pc), Ufone (18.9pc), Warid (16pc) and Zong (10pc).

CCP comes to help mobile users

Companies say they are doing nothing wrong

Mehtab Haider

ISLAMABAD: In a major development, the Competition Commission of Pakistan (CCP) on Monday issued show cause notices to all big cellular operators for fleecing consumers at the time of re-loading at prepaid connections.

The mobile operators will be investigated by the CCP for alleged violation of Section 10 of the Competition Act, 2010.

The CCP took notice of the imposition of additional charges by the CMTOs at the time of reload of balance for prepaid connections.

When contacted, officials working in the telecom industry said they did not commit any wrong and would contest their rights at all relevant forums.

They said they are following law and facilitating people.

However, the CCP states that these additional charges were introduced for the first time in July 2011 under various titles, such as operational charge, maintenance fee, administrative fee etc and ranged from 1.0% to 1.5%.

Later on, the percentage of these additional charges was revised and increased by the CMTOs in 2012, and again in 2013. Currently these additional charges range from 3% to 5%.

The enquiry report concludes that deduction of additional charges at the time of every reload of balance apparently does not relate to any specific service being rendered to consumers.

Furthermore, these additional charges may constitute 'hidden' costs of acquiring cellular telecommunication services, giving the impression that the prices of such services are lower than they actually are in reality, thereby constituting a deceptive marketing practice in violation of Section 10 of the Competition Act, 2010.

Based on the recommendations of the enquiry report, and in order to safeguard the interests of the subscribers in accordance with law, show cause notices were issued.

CCP takes notice of deceptive marketing by CMOs

■ Analysts term the notices technically incorrect

By Abrar Hamza

KARACHI: The Competition Commission of Pakistan (CCP) has issued show-cause notices to Cellular Mobile Operators (CMOs), namely Mobilink, Ufone, Telenor, Zong and Warid for alleged violation of Section 10 of the Competition Act, 2010.

However, industry analysts said that the show-cause notices to CMOs sent by CCP are principally incorrect, as the commission has termed it deceptive marketing while the rates' revision are not lying under 'marketing' term.

Deceptive marketing means any announcement of the company, which misleads the consumers while claimed offer does not exist in real, said the analyst.

An industry analyst said that as per Pakistan Telecommunication Authority's (PTA) regulations the CMOs are legally restricted to announce any tariff revision through public advertisements and via SMS to their consumers. Since, the PTA's rules have been followed in recent increase in maintenance charges and call setup charges by all CMOs, he added.

While CCP's spokesperson, replying to a query discarded the impression that CCP is technically wrong in that show-cause notices. He

referred to the Section 10 of CCP Act 2010, according to which 'the distribution of false or misleading information to consumers, including the distribution of information lacking a reasonable basis, related to the price, character, method or place of production, properties, suitability for use or quality of goods' is deceptive marketing.

Resultantly, the CCP took notice of the imposition of additional charges by the CMOs at the time of reload of balance for prepaid connections.

These additional charges were introduced for the first time in July 2011 under various titles, such as operational charge, maintenance fee, administrative fee etc, and ranged from 1.0 percent to 1.5 percent. Later on, the percentage of these additional charges was revised and increased by the CMOs in 2012, and again in 2013. Currently these additional charges range from 3.0 percent to 5.0 percent.

Telenor's reply to the CCP remained the major cause for the commission to take the action as the Telenor replied to CCP that 'company's commercial decision to impose this fee is for the purpose of sustaining the profitability of the company which is its prime objective as a business organisation', CCP

report added.

The CCP inquiry report stated, "Apparently operators are advertising to sell their voice call or SMS and other telephony services in the most lucrative way like cheap call or cheap SMS etc, but it appears that they have cleverly passed on an additional burden to the consumers in the form of these additional charges deducted at the time of recharge."

According to the commission, the inquiry report concludes that the deduction of additional charges at the time of every reload of balance apparently does not relate to any specific service being rendered to consumers. Furthermore, these additional charges may constitute 'hidden' costs of acquiring cellular telecommunication services, giving the impression that the prices of such services are lower than they actually are in reality, thereby constituting a deceptive marketing practice in violation of Section 10 of the Competition Act, 2010.

In 2013, again increases in aforementioned charges were announced by Telenor, Ufone and Mobilink, which became effective from July 2013 whereas Zong had already implemented the increase in charges in June 2013. Warid also revised these additional charges in September 2013.

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Violation of Competition
Act, 2010

CCP issues show-cause notices to CMTOs

ISLAMABAD: Competition Commission of Pakistan (CCP) has issued show cause notices to Cellular Mobile Telecom Operators (CMTOs) for alleged violation of Section 10 of the Competition Act, 2010.

The CCP took notice of the imposition of additional charges by the CMTOs at the time of reload of balance for prepaid connections. These additional charges were introduced for the first time in July 2011 under various titles, such as operational charge, maintenance fee, administrative fee etc and ranged from 1.0 percent to 1.5 percent. Later on, the percentage of these additional charges was revised and increased by the CMTOs in 2012, and again in 2013. Currently, these additional charges range from 3 percent to 5 percent.

The enquiry report concludes that the deduction of additional charges at the time of every reload of balance apparently does not relate to any specific service being rendered to consumers. Furthermore, these additional charges may constitute 'hidden' costs of acquiring cellular telecommunication services, giving the impression that the prices of such services are lower than they actually are in reality, thereby constituting a deceptive marketing practice in violation of Section 10 of the Competition Act, 2010.

Based on the recommendations of the enquiry report, and in order to safeguard the interests of the subscribers in accordance with law, show cause-notices were issued.—PR

اضافی چارجز کی وصولی، 5 موبائل فون

کمپنیوں کو مسابقتی کمیشن کا شوکا ز نوٹس جاری

کوئی غلط کام نہیں کیا، حکام ٹیلی کام انڈسٹری

اسلام آباد (خبرنگار خصوصی) مسابقتی کمیشن نے صارفین سے ہر بار بیلنس ری لوڈ کرنے پر اضافی چارجز وصول کرنے پر پانچ موبائل فون کمپنیوں کو شوکا ز نوٹس جاری کرتے ہوئے وضاحت طلب کر لی ہے۔ کمیشن کی باقی صفحہ 6 نمبر 19

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مسابقتی کمیشن

جانب سے جاری کردہ اعلامیہ میں کہا گیا ہے کہ کمیشن نے کمپنیوں کی جانب سے پری پیڈ کنٹیکشن کا بیلنس ری لوڈ کرنے پر اضافی چارجز وصول کرنے کا نوٹس لیتے ہوئے انکوآری کرائی جس میں یہ بات سامنے آئی کہ کمپنیوں نے پہلی بار جولائی 2011 میں اضافی چارجز عائد کئے اور صارفین سے آپریشنل چارجز، سٹیمینٹس فیس اور ایڈمنسٹریٹو فیس کے نام پر 1.0 فیصد سے 1.5 فیصد تک اضافی چارجز وصول کئے جاتے رہے بعد ازاں 2012ء سے 2013ء تک اضافی چارجز کوٹمن سے پانچ فیصد تک بڑھا دیا گیا۔ رابطہ کرنے پر ٹیلی کام صنعت میں کام کرنے والے حکام نے کہا کہ انہوں نے کوئی غلط کام نہیں کیا اور تمام تعلقہ فورسز پر اپنے حقوق کیلئے لڑیں گے۔ انہوں نے کہا کہ ہم قواعد و ضوابط کے مطابق کام کر رہے ہیں اور عوام کو سہولتیں پہنچا رہے ہیں۔ جبکہ کمیشن کے اعلامیہ میں کہا گیا ہے کہ انکوآری رپورٹ میں پتہ چلا کہ صارفین سے ہر ری لوڈ پر اضافی چارجز کی کٹوتی کا کسی مخصوص سروس سے تعلق نہیں اور صارفین سے خفیہ چارجز وصول کئے جاتے رہے ہیں جو کہ مارکیٹ پر یکس اور مسابقتی ایکٹ 2010ء کی سق 10 کی خلاف ورزی ہے۔ انکوآری رپورٹ کی سفارشات اور صارفین کے مفاد کے پیش نظر کمیشن نے تمام موبائل سیلر فون کمپنیوں کو شوکا ز نوٹس جاری کر دیئے ہیں۔