



Briefing Session: Licensing Compliance 6 August 2004

Presented by

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Malaysian Communications and Multimedia Commission



Why this briefing?

1. Too many cases of non-compliance!!!
2. Mostly triggered by what Applications Service Provider – Individuals (ASP-Is) do?
3. Mostly triggered by what Network Service Provider – Individual Licence (NSP-I) did not do?



Objectives

Licensing compliance matters
facing Applications Service
Providers-Individual (ASP-I)
licensees providing VoIP services



Agenda

1. Consumer and Industry Concerns
2. Service Provisioning Issues
3. Front line Issues
4. Back End Issues
5. ASP-I Licence Conditions
6. Way Forward
7. Other matters



1. Consumer and Industry concerns



Large number of illegal service providers!

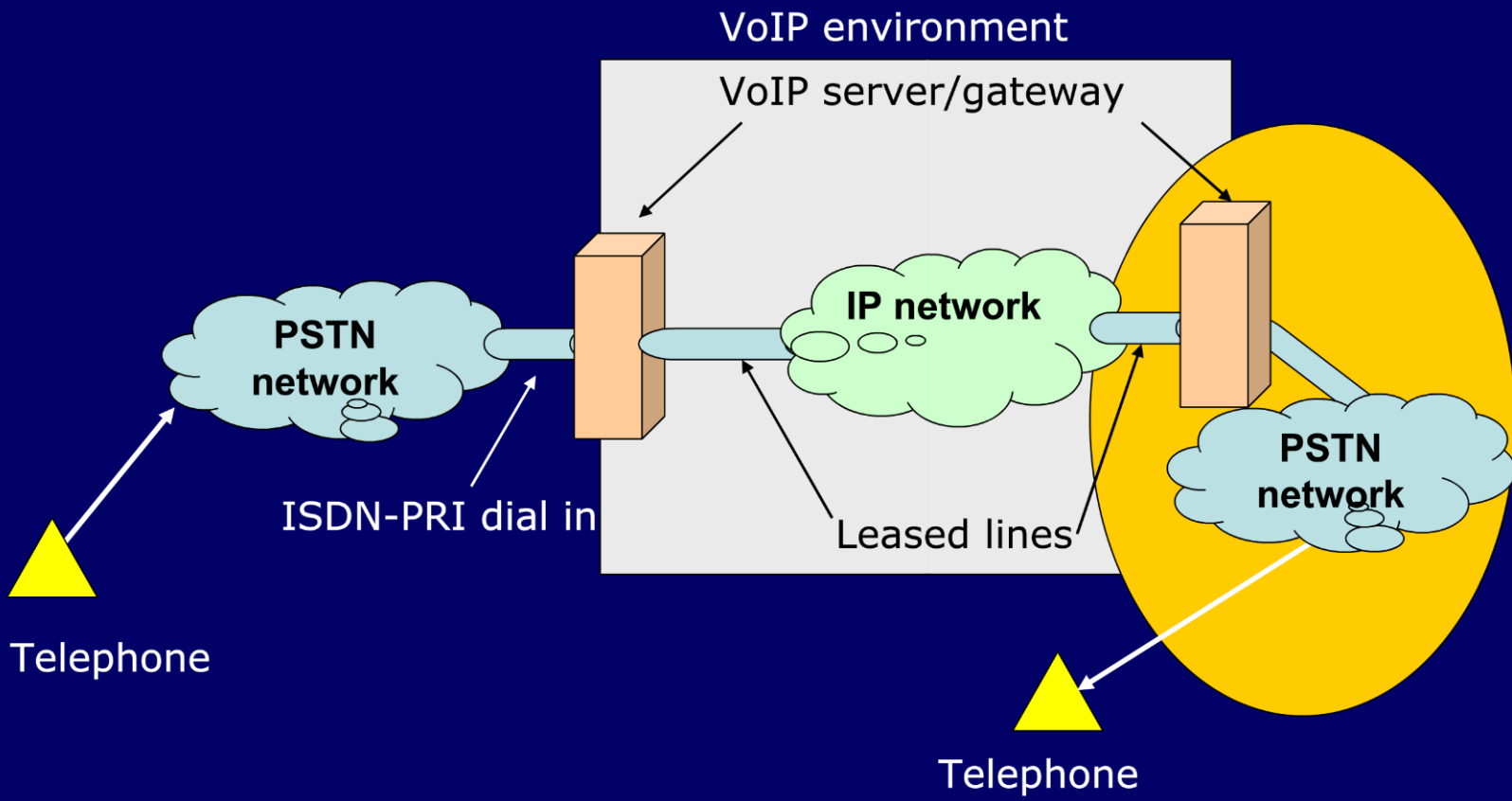
No	Investigations	Jan – Mac	Apr – Jun
1	Illegal ASP-I (VoIP) provider	6	13
2	Illegal NSP-I provider	1	7
3	Providing services beyond scope of licence	1	2



2. Service provisioning issues

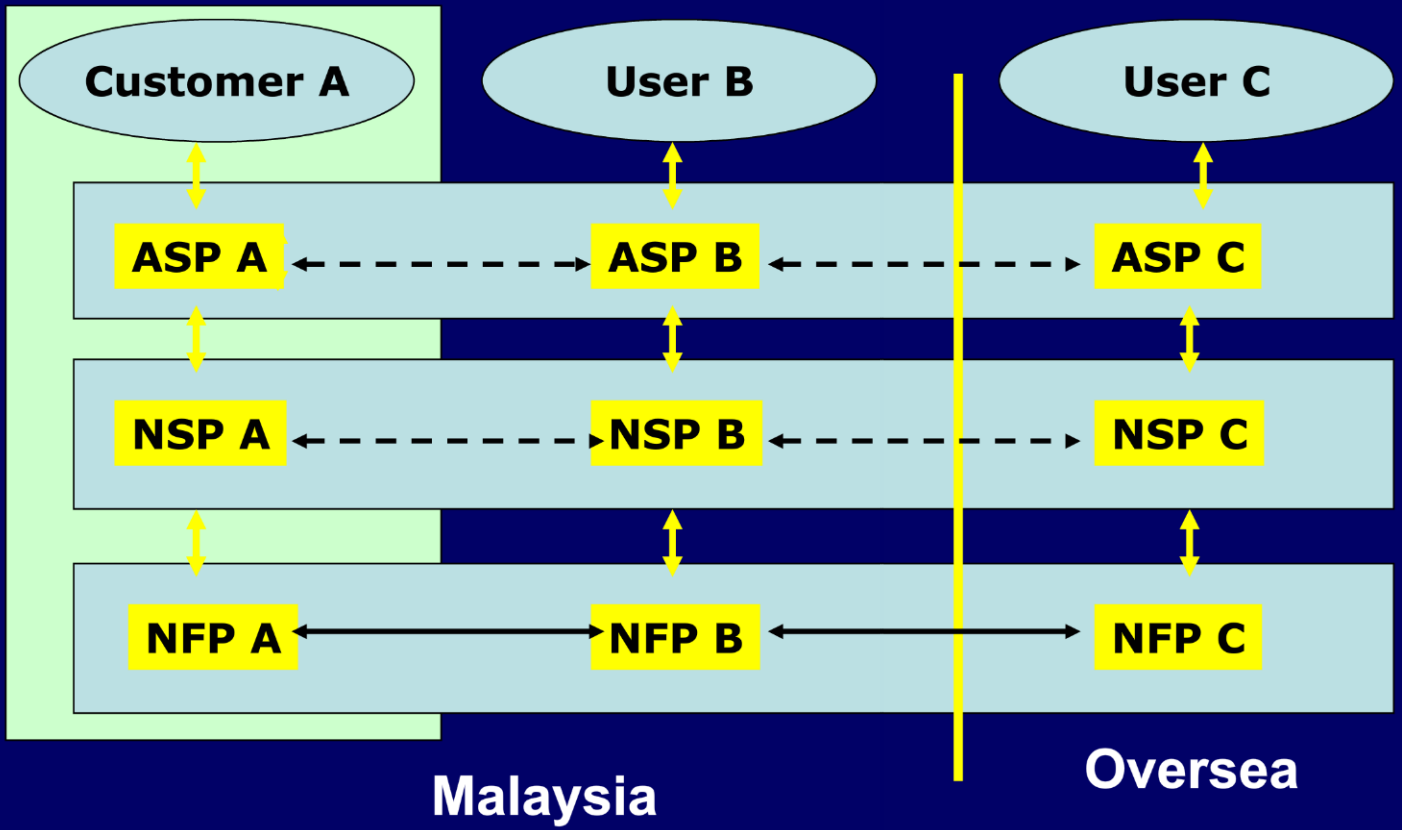


Service set up



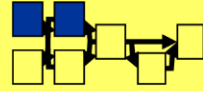


The call connect environment in CMA





Service Set Up

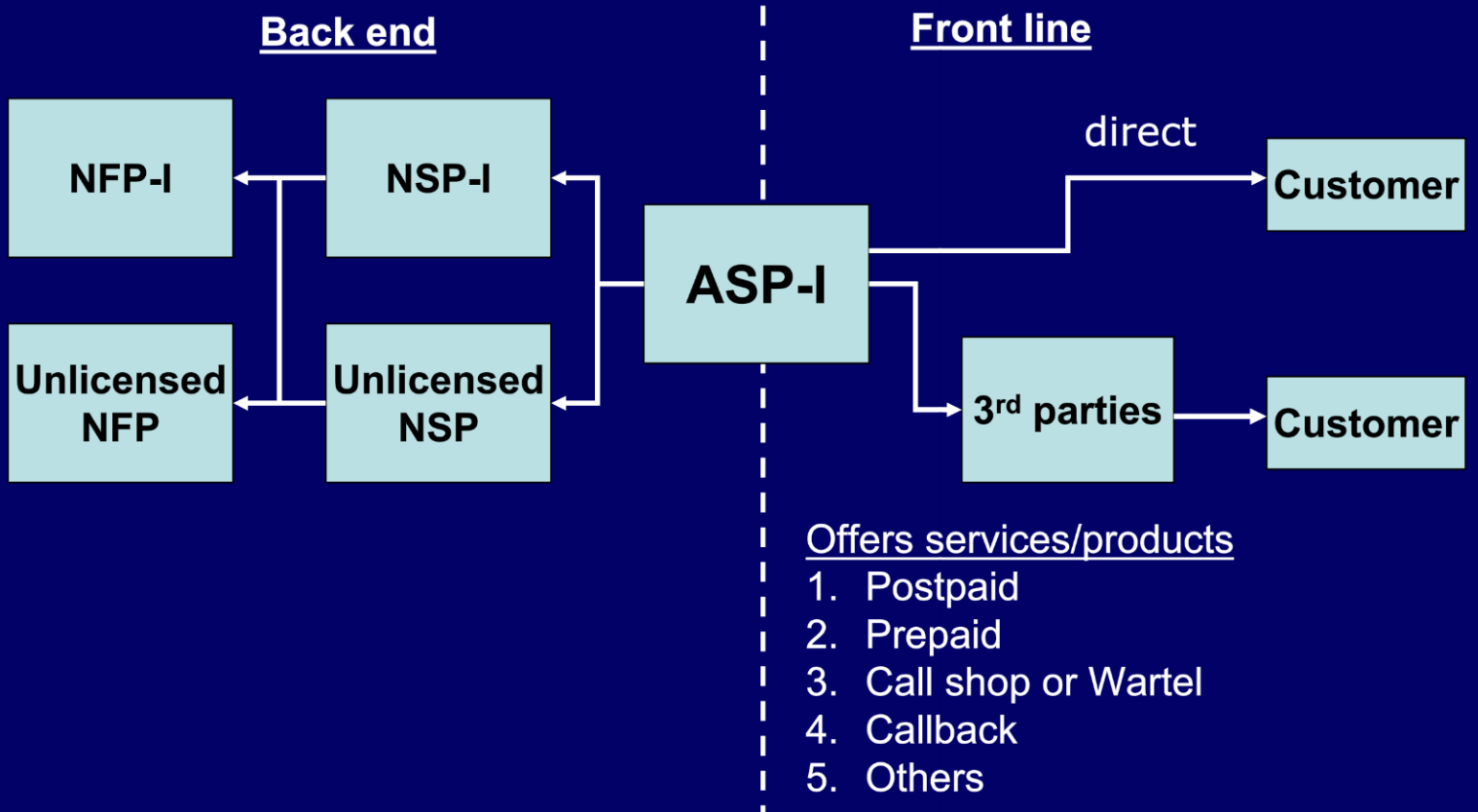


To set up service, ASP-Is buy:

1. Subscribe inward dialing lines (ISDN-PRI) from NSP-I for calling into their VoIP server/gateway
2. Leased lines from NFP-I to link VoIP server/gateway to IP router/switch
3. Call terminations service from NSP-I - to terminate calls to local STD and oversea destinations



Issues on back end and front line





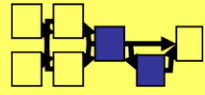
3. Front Line Issues

[consumer issues]



Services/Products Offered

1. Pre-paid
2. Post-paid
3. Callback service
4. Call shop or Wartel
5. Others?



Pre-paid service/product

BiCaRa
 International Calling Card

GCom **RM 50**

GCom service/product

Customer service provided by 3rd Party

GCom not a licensee

Name of 3rd Party

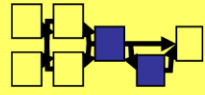
GCom Sdn Bhd Serial No: **3201473**

How to use the calling card

1. Dial: 1800 XX XXXX or 03 XXX XXXXX
2. Press 1: English Press 2: Bahasa
3. Pin No: **2158470943**
4. Dial destination

- Subject to terms and conditions
- Rates are subject to change without prior notice
- Customer Service : 03 – XXX XXXXX

Powered By ASP(I) licence company
 ABC Sdn Bhd – ASP/I/2000/123



Post-paid service/product

ASP-I/3rd party
Service/Product

Name of 3rd Party

ASP-I



AMCOM Sdn Bhd (123456-X)

Wisma Nani, 8 Jalan Jalani
123456 Kuala Lumpur
Tel: 03-123 49878 Fax: 03 123 09812

Powered by
ABC Sdn Bhd
ASP/I/2000/123

STATEMENT OF ACCOUNT

NCY Sdn Bhd
24 Taman Perindustrian 4
23000 Klang

A/C No.: AD 4322-123-1

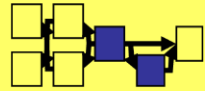
Billing Period: 21/04/04 – 20/05/04

Overdue Amount	Current Utilisation	Total Amount Due
RM 944.44	RM 54.54	RM 998.98

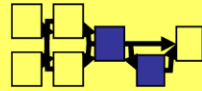
Who is the service provider? ABC? or AMCOM?



Call Shops or Wartel



1. ASP-I provide services to call shops directly or via third parties
2. Call shop advertise/display third parties' service name

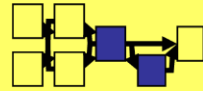


MCMC Observations/Findings

1. Products/services mostly provided by third parties and not directly by ASP-I licensee themselves
2. Identity of ASP-I is diluted/unclear – misrepresentation in bills, cards and advertisements.
3. Contractual arrangements between customer and ASP-I is unclear due to third parties – who is providing the service/product?



MCMC Observations/Findings



4. Confusion in the market/consumer – many complaints
5. Open up opportunities for illegal provider – licensed or unlicensed not differentiated
6. Customer information supposed to be confidential is being passed on to others



Compliance Issues

Communications & Multimedia Act (CMA) '98

1. S. 126 – Provide any application services (VoIP) require an individual licence
2. S. 36 – assigned, sub-licensed or transferred of licence is not allowed.
3. S. 127 – Licensee shall comply to the licence conditions
4. S. 188 – Deal reasonably and adequately address consumer complaints



Compliance Issues

Licence Conditions

1. Condition 7: Compliance with consumer code – General Consumer Code (GCC) in particular:-
 - a. Confidentiality of customer information
 - b. Advertising and representation of services
2. Condition 12: Confidentiality of customer information

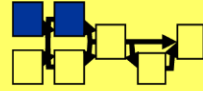


4. Back End Issues

[network service provisioning]



MCMC Observations/Findings

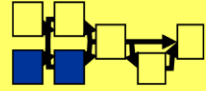


ASPs have issues with NSPs and NFPs in:

1. Difficulties in obtaining Freephone 1-800 numbers
2. Delays and inadequate PRI ISDN channels
3. Often poor quality (connection rate) of dial in access
4. Uncompetitive wholesale cost of access



MCMC Observations/Findings

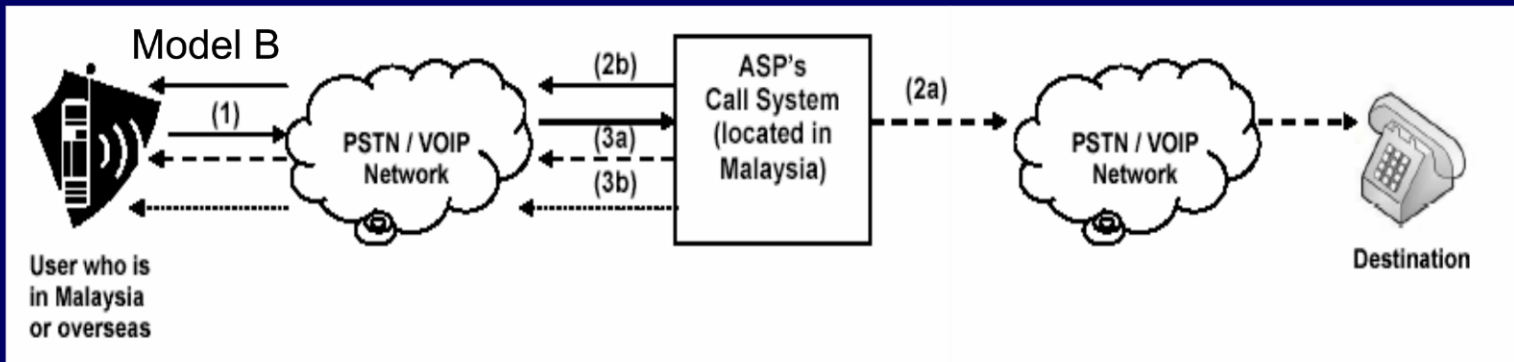
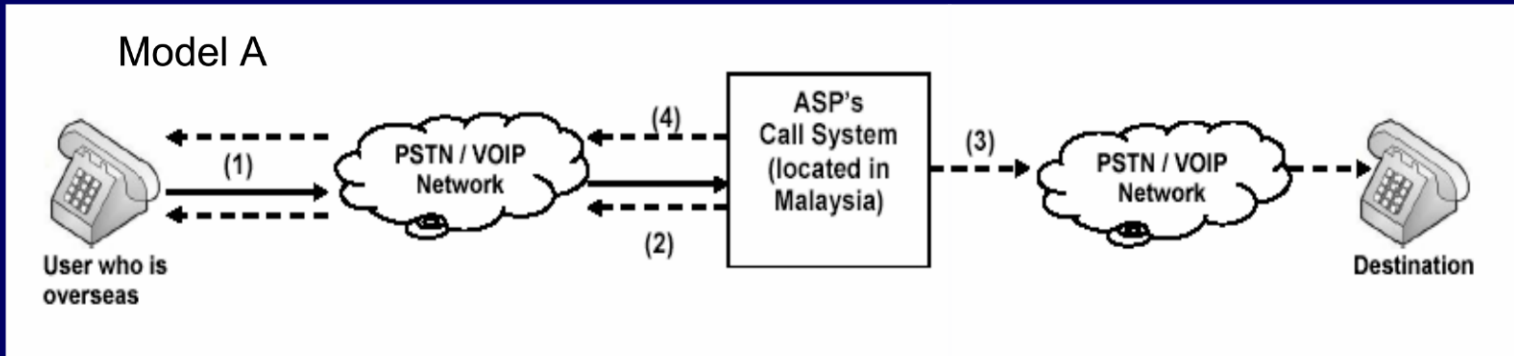


Some ASP-Is are:

1. subscribing directly to unlicensed network service providers (foreign parties) to terminate their calls
2. using third party companies to subscribe to unlicensed network service provider



Callback Service – the “OK” callback



Note: Non exhaustive models



Callback Service – the “OK” callback

The systems used in these two cases are :

1. Call system located in Malaysia; and
2. Call system provided by licensed Malaysian ASP-I who have appropriate commercial arrangements with licensed NFP-I and/or NSP-I under the CMA98

Information paper available at

<http://www.mcmc.gov.my/mcmc/Admin/FactsAndFigures/Paper/457401callback.pdf>



Compliance Issues

CMA 98

1. S. 126 – Provide any network service and network facilities require an individual licence

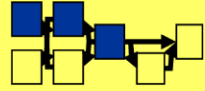
2. Section 237 of the CMA98

No person shall operate, or provide, or use, a call back service under this Act.



5. Licence Conditions

[compliance issues]

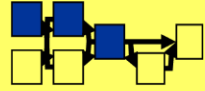


1. Roll out of service

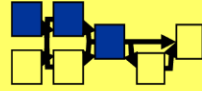
1. NFP-I, NSP-I and ASP-I are required to commence the provision of service within 12 month from the date of issuance
2. Any requests for extension of time should be submitted to the Minister before the end of the 12 months period (allow for processing time)



2. Payment of Fees and USP



- Payment of licensing fees to MCMC [minimum RM50,000 or 0.5% of GAT]
- Service Provider must contribute [6% of revenue from designated services] to the Universal Service Fund managed by MCMC



3. General Consumer Code

1. Licensees are to comply with the General Consumer Code and encouraged to join the Communications and Multimedia Consumer Forum (CfM)
2. Licence condition 7 of ASP-I – Compliance with Consumer Codes
3. The Consumer Code is already in force since April 2004

Consumer codes available from www.cfm.org.my



5. Way Forward



Next steps

- ASPs, NSPs, NFPs to take note and make the necessary adjustments or arrangements to address the MCMC observations/findings and on all the compliance matters
- MCMC will give 3 months grace period effective 15 August 2004



6. Other Issues



Other Matters

- **Impact Survey**
 1. Distributed forms to all individual and class licensees
 2. Also available on MCMC website
 3. To complete by 31 August 2004
- **Annual Consumer Satisfaction Survey via CATI**
 1. August to October 2004
 2. To assess consumer satisfaction of the services offered
 3. Seek full cooperation from industry for its success



Other Matters

- **Public Inquiry on the study of market dominance**
 1. Report is available on MCMC website from 10 August 2004
 2. Open for comments until 8th November 2004
- **Consultation paper on equal access pre-selection**
- **Access /Interconnect agreements**
 1. The first 3 agreements under the new Access Regime have been registered



Thank You

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