

**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
COMPETITION COMMITTEE****Working Party No. 3 on Co-operation and Enforcement****Roundtable on designing and testing effective consumer-facing remedies - Note by
Mexico (IFT)****5 June 2018**

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More documentation related to this discussion can be found at
www.oecd.org/daf/competition/consumer-facing-remedies.htm

Please contact Ms. Despina Pachnou if you have any questions regarding this document
[phone number: +33 1 45 24 95 25 -- E-mail address: despina.pachnou@oecd.org].

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Mexico

1. Background

1. The Federal Institute of Telecommunications (IFT) was created in 2013 as the Mexican telecommunications and broadcasting regulator, as well as the sectoral competition authority for those economic activities. Its mandate, which is given by the Constitution, the Federal Telecommunications and Broadcasting Law (LFTR) and the Federal Economic Competition Law (LFCE), stresses its role in the defense of users' rights¹, which the LFTR explicitly defined for the first time.

2. Since its inception, the IFT has developed a variety of actions and programs designed to provide consumers with information that will empower them in order to take advantage of what they are entitled to by law, to protect them from abuses or non-compliance of the contractual terms by service suppliers and to allow them to make better choices of services and providers. The General Coordination of User Policy (CGPU) is the IFT's area in charge of this agenda.

3. The IFT is also in charge of identifying preponderant economic agents (PEA) and imposing them asymmetric regulation in order to foster competition. A broad set of asymmetric rules was determined on March 2014, which included a chapter of consumer-facing remedies, with the aim of reducing asymmetric information and switching costs, as well as preventing lock-in situations and other possible abuses. These remedies were maintained in the review concluded on February 2017.

2. Consumer-facing remedies as a part of asymmetric regulation for preponderant economic agents

4. Consumer-facing remedies for the PEA in telecommunications services (PEAT) are the following:

- The PEAT cannot suspend services for non-payment of other non-telecommunications goods and services.
- The PEAT is not allowed to charge for roaming services provided within the PEAT's network
- Greater clarity and breakdown of charges in the services bill.
- The PEAT is required to unlock the terminal equipment for prepaid and postpaid users, when it has been completely paid for, or the penalty for early termination is paid.

¹¹ In Mexico, there is a Federal Consumer Protection Agency in charge of enforcing consumers' rights, but there is also a set of rights defined in the LFTR for telecommunications services' users and broadcasting audiences, which are enforced by the IFT. Additionally, the IFT in its role of competition authority, seeks to empower consumers in order to improve competition.

- The PEAT should send a SMS to pre-paid users every time they perform a balance recharge, to give information about the amount deposited, the accumulated balance and each applicable rate (local, SMS and MB for internet).
 - The PEAT should send a free text message to inform users abroad, of applicable service rates.
 - Services offered in bundles must also be available in a disaggregated manner.
 - Users can check the prepaid balance without cost and keep it valid for one year².
 - Number portability should be free of charge³.
5. Consumer-facing remedies for the PEA in broadcasting (PEAB) are intended to empower consumers of advertising time so that they have better negotiating standing vis-à-vis the PEAB.
- Effective advertising time rates should be transparent, including bundled offerings of time in open-air and pay TV
 - Discounts should also be transparent, and offered in a non-discriminatory manner.
6. These remedies, as well as other asymmetric rules imposed on the PEA's and a thorough sectoral reform have brought down prices for telecommunications services, provoked new mobile offers with no-roaming charges in North-American countries, increased investment and facilitated the entry of new competitors.

3. Consumers' lack of information

7. The IFT carries out the design, application and analysis of surveys which aim to identify consumption patterns, satisfaction levels and user experience. In particular, it has developed a system of user satisfaction indicators which follow a rigorous methodology based on objective and reliable information and are published quarterly.

8. From December 2014 to December 2017, the IFT has applied a total of 86,513 interviews, whose results have led it to identify that consumers commonly lack information about the telecommunications services they rely on. For example, the third quarterly survey of 2017 shows that only 45% of users between 18 and 34 years old are aware of the speeds they have contracted in the fixed Internet access service; likewise, the survey identified that only 26% of users in the same age range compare the services offered by different operators before signing a contract and that many users just chose the provider offering the lowest price, while users aged 56 and up mainly hired their current provider when it was the only one.

9. From the results yielded by its surveys, and the lack of knowledge they showed the users had, which accounted into information asymmetries that definitely damaged consumers and competition, the IFT took on the objective of empowering telecommunications users by developing a set of tools that would make valuable

² After the PEAT asymmetric rules were issued (March 2014), the LFTR (August 2014) adopted this rule for all mobile carriers.

³ *Ídem*.

information readily available to them, so they could exercise their rights and make better choices.

4. The User Information and Empowerment System

10. IFT's User Information and Empowerment System became operational in September 2017. It aims to provide a single place for a telecommunications user to find every tool at her/his disposition in order to acquire significant information that may lead her/him to make informed consuming decisions. The system was created under the idea of an ordered consultation mechanism called "The Empowered User Cycle", which consists of 4 stages: (1) the user is formed; (2) the user is informed; (3) she/he is given tools, and (4) a mechanism is established for the exercise of her/his rights. The system's tools were designed to interoperate with each other, allowing users to navigate intuitively to facilitate decision making and the full exercise of their rights.

11. The IFT projected and implemented the system following these phases:
1. Benchmarking of best practices on mechanisms to help users access information.
 2. Visual proposal of the operation and interoperability of the system.
 3. Development of the first five new tools.
 4. Testing of the tools to assess its proper performance.
 5. Piloting tests were conducted with actual users to gather their experience and detect opportunity areas, which were addressed.
 6. The system was executed on the online platform.
 7. A responsive version was created, so that the system could be accessed from devices such as mobile phones.
 8. Infographics and videos were designed to help the user navigate the system.
 9. The system was presented to the carriers in order to receive feedback on the use of the tools and to identify any feature that would allow an easier way to access the information.
 10. The system was presented to several civil associations and to telecommunications specialists, in order to receive their feedback regarding the operation and the benefits that the implementation of the system could bring.

5. The System's Tools

5.1. Mobile Data Consumption Simulator

12. This tool allows users to reckon the monthly amount of data they consume, considering their habitual use of services and applications in their mobile terminal. Once they know their approximate monthly data consumption, the simulator allows them to identify the tariff plans offered in the market that adjust to their needs, as the simulator is linked to the price comparator.

5.2. Maps of Mobile Guaranteed Coverage

13. By means of this tool, a user can know the specific coverage each mobile operator offers, as well as the technologies through which it provides the services (2G, 3G and 4G). The maps allow intuitive navigation up to the neighborhood and street levels, thus helping users to identify the areas where mobile operators do not guarantee that their services comply with the established quality indicators. Once the user selects a company, a state and a technology, the tool displays the map showing the corresponding coverage.

5.3. Catalog of Compliant Equipment

14. This tool shows the list of the mobile terminal models that comply with the technical standards issued by the IFT and that have a homologation certificate. For each model, the user can know features like the operating system, camera type, screen, and memory, among others. By identifying whether a device adheres to the technical standards issued by the authority, the commercialization of sub-standard devices is prevented.

5.4. Catalog of Accessible Equipment

15. The aim of this tool is to promote effective access for people with disabilities to telecommunications services by providing them with useful information to acquire mobile devices that can be adapted to their specific needs. A person with a visual impairment, for example, can search for devices that offer voice commands to call, or that provide access to the phone functions in high contrast mode. The catalog is a joint effort between the IFT and the Mobile Manufacturers Forum and is available in both desktop and mobile versions.

5.5. Check your IMEI

16. With this tool users can verify if a mobile device has been reported as stolen or lost by accessing the global database of cell phones with a report of theft managed by the Global System Mobile Association (GSMA). This tool prevents the unlawful commercialization of mobile equipment.

5.6. Price Comparator

17. This online tool makes it possible to contrast the features of the current rate plans available to users of mobile and fixed services, considering ranges of prices and other consumer preferences. For mobile service plans, it displays monthly rent, voice minutes, short messages (SMS) and data (in megabytes) included, as well as additional costs, features and options for pre-paid or postpaid service. For fixed services, it makes available the monthly rent, coverage, voice minutes or calls included, number of channels, internet speed, as well as additional costs and features for single, double and triple play contracts.

5.7. Portability Procedure Tracker

18. This tool allows users to verify in real time the status of their portability process by only entering the telephone number and the PIN that was given to them when

requesting number portability. Portability rules allow consumers to change their service provider in 24 hours, without having to pay a fee and with no restrictions as to the number of times a number may be ported in a period of time.

5.8. Registered Contracts Catalog

19. By means of this tool the terms and conditions for the provision of telecommunication services established by the carriers and registered before the IFT are made available, so that consumers are able to compare features such as conventional penalties, grounds for contract termination, period of validity, terminal equipment and quality of service, among others. Contracts can be sorted by service and company.

5.9. Mobile Service Quality Monitor

20. This tool publishes the results of quality indicators for mobile service measured by the IFT, by city, indicator, service and measurement period.

6. User participation and results

21. From September 4, 2017 to April 30, 2018, the User Information and Empowerment System has registered the following number of visits.

	Visits
Main website	122,643
<i>Maps of Mobile Guaranteed Coverage</i>	10,287
<i>Registered Contracts Catalog</i>	1,417
<i>Portability Procedure Tracker</i>	19,843
<i>Catalog of Compliant Equipment</i>	151
<i>Mobile Service Quality Monitor</i>	1,889
<i>Price Comparator</i>	20,461
<i>Catalog of Accessible Equipment</i>	1,733
<i>Mobile Data Consumption Simulator</i>	2,367
<i>Check your IMEI*</i>	983,413
* from June 9th, 2015	

22. The User Information and Empowerment System has allowed consumers to access information on telecommunication services through simple and intuitive materials. The implementation of tools such as the maps of guaranteed coverage and the mobile service quality monitor, has allowed them to make decisions considering not only the price variable, but also the quality and coverage of particular carriers.

23. The price comparator makes it possible for users to contrast all the telecommunications services and modalities (single play, double play and triple play) available in the market in a single site. This has had a positive impact on the supply side, as carriers offer better conditions to users.

24. Being directly linked to the price comparator, the data consumption simulator shows users the carriers which offer the best conditions according to their needs, so they can choose the pricing plan that better suits them.

25. Because of the registered contracts catalog, users have also been able to compare, prior to subscription, the terms and conditions set out by service providers for their services. The dissemination of this information has promoted transparency and has made operators modify the contents of their binding instruments to offer better conditions to users.

26. The implementation of the system has also had an impact on the terminal equipment market, preventing the commercialization of sub-standard or non-approved devices as the catalog of compliant equipment allows the user to know beforehand if a terminal model complies with the technical provisions issued by the IFT.

27. Finally, the *Check your IMEI* tool prevents the marketing of stolen terminals since it allows consumers to check if the IMEI code of a second-hand or used cell phone is included in the global list of devices with theft report prior to purchasing it.