

Sub.: Comments on 'Consultation Paper on Review of Telecom Unsolicited Commercial Communications Regulations'

With reference to the above Consultation paper published by the TRAI, we are thankful to the Authority for providing us an opportunity to give our comments. Our responses are detailed below for the Authority's consideration.

Overview

Telemarketing as a channel has been used effectively in promotion of products & services across various industries ranging from Banking, Financial Services, Telecom, Insurance, FMCG, IT, Public Sector enterprises, etc.

Telemarketing & SMS or mobile marketing has been actively used to inform prospects & consumers on introduction of various products & services which they can avail of/ to make their interaction with the manufacturers & distributors easier, faster & direct.

Telemarketing including SMS based marketing in a widely dispersed country like India offers an efficient mechanism to reach the farthest ends of the country riding on the backbone of the success of telecom revolution and is helping the industry further the cause of financial inclusion. Further this has also facilitated flow of information about products/services to the different strata of the society, particularly the lower strata, who have benefited immensely in the process. The key benefits of using telemarketing channels are:

- *Providing access to financial and other services:* thus furthering the cause of financial inclusion
- *Creating awareness:* Dissemination of information & promotion of products & services.
- *Operational feasibility, efficiency & productivity:* Cost-efficiently reach out across the country, enabling outsourcing of telemarketing processes to domain experts (domestic call centers) & focus on core businesses.

The TRAI has rightly identified the need for giving an option to consumers who do not wish to receive commercial calls by introducing NDNC regulations. We believe these regulations are comprehensive and adequately safeguard interests of the consumers.

On the proposed National Do Call Registry (NDCR) or "Opt-in" model, our views are as follows:

- Such a move may put an end to the telemarketing industry itself. To highlight a few facts on the domestic telemarketing industry:

The Domestic telemarketing (India centric tele-marketing) is approximately a Rs. 10,000 crores (2.36 billion) business in India. An estimated 5.5 lakh people are currently employed by the domestic telemarketing industry. Most of these people are students in their early twenties who study & work

& also opt of part time courses. Some of them are also sole bread earners for their families. Further, owing to cost advantages most domestic telemarketing agencies are shifting their operations in smaller towns thus creating new employment opportunities.

- We understand from the consultation paper that most countries continue to operate under a Do Not Call or 'opt-out' regime for telemarketing. This includes large economies like the U.S., Canada, U.K, Russia, China, Japan, Egypt, South Africa, Australia, New Zealand and most of Europe. Even the few countries which have selected "opt-in" model, have not had encouraging results. Further, those countries have different demographic and socio-economic conditions from India. Hence in our view following the 'opt-in' model may not be suitable for us.
- Today telephone and internet have become significant part of day to day life and people rely on the same for accessing various information and for transacting/ purchasing various products/ services which has resulted in availability of more products/ services, ease of delivery, and at a lower cost to the population at large.

From the Consultation Paper we understand that around 11% of subscribers have registered under the NDNC Registry. In our view this is a significant proportion of the population, most of whom are based in metro cities and belong to upper strata of society. These people anyway have superior means and easy access to services and products. The remaining population (89%), it can be argued, are happy or expect to receive information on products and services through telemarketing. A significant portion of this population resides in rural/ semi-urban parts of the country and has greatly benefited by the information received through telemarketing services. If "opt-in" model is introduced this population would be deprived of this benefit due to lack of knowledge / understanding or due to reduction/closure of telemarketing as a business model. This population will be significantly affected due to the resultant increase in cost or non-availability of products and services.

- If the "opt-in" method is followed, it will lead to very low registration due to general lack of awareness or other reason. This will virtually kill the telemarketing business. In such a scenario there will be incentive for some unregistered entities to mushroom and exploit the market. Such unregistered entities will be difficult to monitor or control and will be exactly act counter to the very basic objective of regulation. Hence it can be argued that the best course of action is to improve effectiveness of National Do Not Call Registry 'opt-out' method.
- Revenue of telecom service providers from telemarketers would be adversely affected in case "opt-in" model is adopted. According to some recent newspaper reports/articles, in some South American countries which have experimented 'opt-in' model there has been a significant erosion in revenue of telecom companies. In the Indian context, where telecom companies are already operating on wafer-thin margins, this would increase the cost of telecom services to consumers; this may reduce the subscriber base especially in rural areas and in lower strata of the society.

Present regulations on Do Not Call or “opt-out” are comprehensive, however there is scope for improving the effectiveness and compliance of the same. Merely switching to “opt-in” model will not increase compliance. Telemarketers who are presently not registered and/or are not scrubbing their calling lists might continue to do so regardless of the change in regulations or model. Considering the concerns highlighted in the consultation paper, we recommend the following measures to improve compliance with the present regulations:

- The effectiveness of the present regulations can be further strengthened by increasing the financial disincentive for violation. Taking a cue from the U.S. and similar other markets, penalties for repeat / continuing offences could be increased steeply.

The fund created by collection of such penalties could be utilized gainfully for increasing awareness and for better administration of the Regulations.

- Further, the confidence/experience of consumers on the NDNC regulations would increase by crashing the time taken for registering their phone numbers significantly from the current 45 days. Due to advancements in technology the telecom operators would possibly be able to do the same. Probably many of the present complaints arise between the time the consumer registers his number and the same gets updated in the NDNC database.
- Steps to increase the levels of awareness by educating the general public with regard to registering on NDNC to be considered. The current registration base can be increased by conducting awareness campaigns, running education series through various modes of media, such as newspapers, magazines, television, etc. Even telephone bills, customer service centers/ outlets and websites of service providers could indicate NDNC numbers for the purpose of registration, especially highlighting the ease to use SMS based registration. In fact, statements pertaining to this may be mandated across all telecom customer communication in a minimum font size of 12 in a visible colour, placed prominently in the document to attract attention.
- NDNC Registry could be tailored to suit customer needs on the basis of various categories. As such, if customer were to register in to the registry for not receiving calls pertaining to a particular category, e.g. home appliances, healthcare, financial services, etc, then his details would be scrubbed accordingly only.

Additional measures to facilitate NDNC compliance:

Keeping the above in mind, our insurance company would be willing to put the following additional processes in places, as “self regulation” measures, to facilitate compliance with the NDNC framework already in place:

- We will ensure that prior to entering into arrangements with telemarketing companies, such companies are registered. The same would be covered in all our contractual agreements with such companies. Similarly we will ensure that in all our Corporate Agency agreements such a clause is inserted and we will

obtain confirmation from them regarding their registration and process for compliance to NDNC data scrubbing. Further we will also insert clauses in all our agreements for complete adherence to NDNC guidelines.

- Further the Company would institute a disciplinary action framework for violation of TRAI regulations - on employees/agents of insurance company .
- We will step up our efforts in creating awareness of this compliance requirement in the branch offices to ensure that all persons within the company are aware of the regulatory requirement and implications of non compliance thereto.

Summary

In view of the above, we request the Authority to kindly continue with the existing regime of “National Do Not Call Registry”.

Further, the matter has been discussed at the industry level and we believe companies are fully seized of the importance of adherence to compliance with TRAI regulations and are always available for extending necessary support to the Authority in its initiatives to enforce compliance with the TRAI regulations.

In case any clarification is required, kindly revert.

Thanking you,

Yours sincerely

For Kotak Mahindra Old Mutual Life Insurance Limited

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