

TRAI Consultation Paper on International Mobile Roaming Services

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7 July 2020

Comments on the Issues Raised in the Consultation Paper

In my understanding, this Consultation Paper of TRAI relates to a sub-set of issues (related to international mobile roaming services) which have a potential to create bill shocks for consumers. As the Consultation Paper itself acknowledges, these issues are not the only causes for bill shocks, which indicate an unexpected rise in billed expenditure for the consumer. To the extent that bill shocks are due to supply-side factors which are avoidable, such as lack of information from the service provider to the consumer or lack of clarity in communication regarding tariffs, these issues do require a valid regulatory check.

That said, the overall issue of bill shocks should be seen in the context of viable and transparent pricing by incumbent service providers. Given that market forces operate to elicit competitive behaviour among the service providers, some of these concerns should be addressed by the forces of competition itself, albeit with a constant regulatory check on the forces of competition itself.

Coming to the details of the Consultation Paper, a perusal of the issues raised show that these questions pertain to three specific concerns regarding International Roaming Services:

1. Information available to the consumer: at the time of activation of services, policies regarding prices and services in areas without service coverage, information regarding data-limit milestones etc.
2. Tariff differences: between standard and IR pack rates
3. Other miscellaneous issues with potential to create bill shocks

I feel that the regulator should act proscriptively only in the first matter and not in the other two. The reasons for this explicate in the following sections.

Information with Consumer

Questions 1, 2, 3, 8 and 9 are specifically related to the issue of information available to the consumer: whether it be regarding information about activation

of services or about coverage issues or data-limit milestones. While the regulator is justified in prescribing a common format (SMS at the time of activation of services and on arrival at the destination country) for all service providers for questions 1, 2 and 3, I am not certain that giving an overload of information regarding data-limit milestones (question 8) will yield better decision-making by the consumer. Rather a single warning message near the expiry of data limit should suffice for the consumer to take an informed action. As behavioral economics shows, consumers facing a deluge of information is unlikely to be in a position to act upon the relevant piece of information intelligibly. On the other hand, the policy regarding coverage of areas and choices for the consumers (question 9) should be mandatorily disclosed to the consumer through an SMS communication for areas without coverage. This itself should be sufficient for the consumer to make an intelligent choose alternative options for connectivity.

Tariff Differences

Questions 4 and 5 cover issues of pricing and tariffs, including differences between IR packs and standard rates and automatic switching between these options. In this context, it is advisable that the regulator keeps in mind that these differences are to be seen as a part of the overall strategy of the service provider to ensure viable services to the consumer. As long as the regulator can ensure free entry and competitive forces in the market of service provision, these differences should be taken care of through the monitoring properties of countervailing buying power of the consumers. Essentially, a service provider who consistently cheats the consumer through price differentials in these options will see swings in customer demand. The larger issues of ensure fair competition, quality of service provision and transparent tariff reporting should be of regulatory concern. As the Consultation Paper notes that the consumer has some choice (though imperfect), she/he can switch the services for international roaming from the service provider to other options: like Matrix calling cards and other data options.

Other Issues with Potential to Create Bill Shocks

The other questions relate to some other aspects with a potential to create bill shocks for consumers. Given that the consumer has some alternatives to the service provider and can punish strategic behaviour by the seller by exiting services, I do not feel that this should attract regulatory attention. The first order effect of ensuring fair play and competitive forces in the market of service provision should be able to function with light-handed regulation on these fronts. However, some of the factors that ensure fair play are not limited to addressing the immediate concerns of bill shocks and are more to do with factors such as spectrum pricing, availability of finance and competition in the space of quality of service. As these are outside the purview of this Consultation Paper, I am mentioning them only in the passing. The specific regulatory concern here is the extent of information asymmetry that can cause unintended actions on the part

of the consumer, raising billed expenditure. To this extent, I believe, regulating the information environment optimally, standardizing the format through which information is made available to the consumer, is sufficient to ensure bill shocks are not due to a lack of prior information with the consumer.