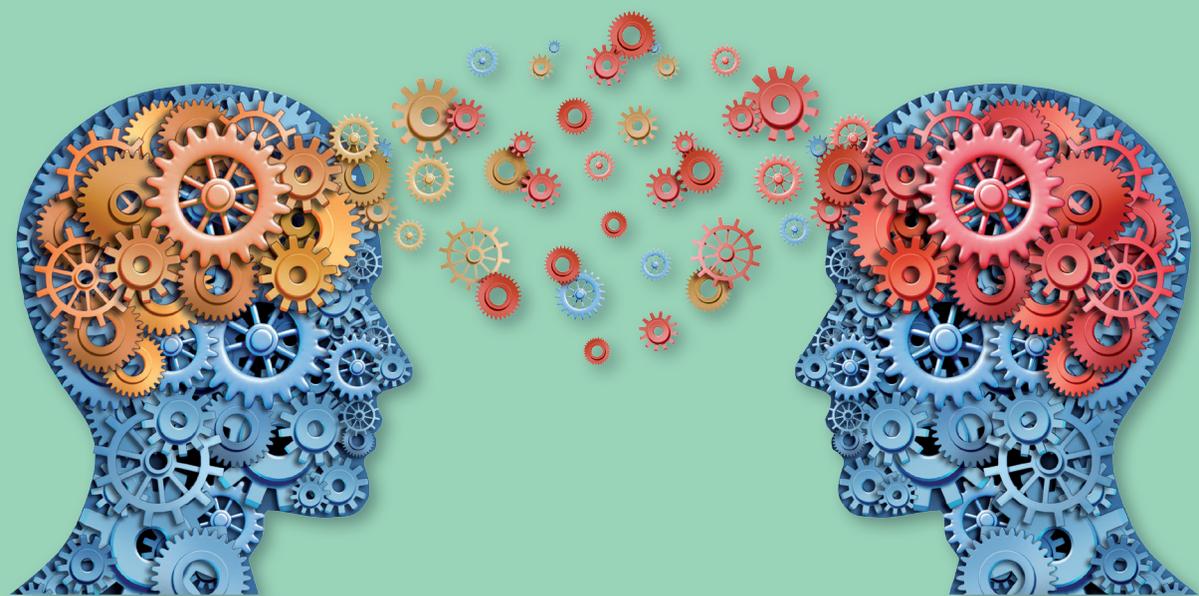




# Impact Update: What Happened Next?

**PROTECTING CONSUMERS THROUGH  
BEHAVIOURAL INSIGHTS: REGULATING THE  
COMMUNICATIONS MARKET IN COLOMBIA**



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## Introduction

In 2015, the OECD was requested by Colombia's Communications Regulation Commission (*Comisión de Regulación de Comunicaciones*, CRC) to provide recommendations to design the new consumer protection regime, including the new law, in the communications market using behavioural insights.

In 2016, the OECD published a set of recommendations identifying and addressing the following four areas:

i) Principle of Information Provision	To provide users with the basic and essential information that they can use effectively to exercise their rights and improve decision making in the choices for better overall consumer welfare.
ii) Customer Service Mechanism	To provide effective means and ways for users to address issues, complaints and overall satisfaction of the quality of services being provided.
iii) Consumer consumption management	To empower consumers through the provision of useful and timely information about their consumption behaviours for better decision making on service provision.
iv) Bundling of services	To encourage better outcomes for users through improved usable information about the choices in service provision that are bundled e.g. mobile services, broadband fixed-telephone line, etc.

Source: OECD (2016), *Protecting Consumers through Behavioural Insights: Regulating the Communications Market in Colombia*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264255463-en>

In response, the CRC developed a draft resolution entitled “Establishing the New Regime of the Protection of the Rights of Users of Communications Services”. The proposed measures in the new regime were a result of both quantitative and qualitative testing to see which regulatory options fit users’ needs and behaviours. The draft regime was then opened for public comments between 4 May 2016 and 12 August 2016.

This document provides an update on this new regime following the recommendations, further testing, analysis and stakeholder engagement. It also captures the impact the OECD report has had on the new consumer protection regime in Colombia's communications market.

## Testing the Recommendations

The OECD report made a number of recommendations that should be tested before implementation. The CRC conducted qualitative and quantitative research and experiments based on the OECD recommendations with users of both mobile and fixed communications services as well as TV services. Qualitative exercises were performed across four cities (Bogotá, Medellín, Barranquilla, Cali) surveying 53 people via in depth interviews to understand consumers difficulties with their telecommunications services, 2 mini-group sessions, and 21 interviews with eye tracking that allowed researchers to record the visual path consumers took while reading a bill.

Quantitative exercises were also conducted in the same cities, involving 11 104 respondents via a survey. Separate surveys were distributed for fixed telephone services (5 548 respondents), mobile telephone services (3 093 respondents), and TV services (5 548 respondents). A further 100 surveys were collected to evaluate the traditional “petition, complaint or appeal” (*petición, queja/ reclamo o recurso*, or PQR) against alternative dispute resolutions.

## Findings of the research and experiments

### *Principles of information provision*

The key finding was that the current amount of information provided by the operators is too much and not relevant, and in fact is more information than is either required or desired by users. Specifically, the research discovered that:

- During the contract signing process, users felt that the information received is superficial.
- In various interactions between operator and consumer, the consumers believe that the information provided was not relevant or appropriate, of low quality, and lacking depth in terms of users' needs, yet high in quantity of non-useful information.
- Consumers were very dissatisfied with the amount of information received on the requirements to end the contract and were confused by the process.
- Consumers recognised that better information was important to allow a better comparison of operators, plans and services to help facilitate better decision making.
- Communication in regards to the rights and obligations of users was not efficiently provided to consumers.

CRC concluded that the information provided to users must be the right information, provided in a timely fashion, and appropriately. So in view of the fact that users mainly need information when they face a problem with their provider, “the first point of contact” that users resort to are the providers themselves.

Finally, it can be concluded that the provision of adequate and appropriate information for users allows them to make decisions according to their real needs, thus promoting competition, which leads to an improvement in prices, offers, and the quality of the services being provided.

### *Customer service mechanisms*

Users recognised that there are different channels through which they can access customer care, including traditional means (physical offices and telephone lines) as well as digital or virtual means (web page and social networks) that have been used in Colombia since 2011. The researchers found that users had negative associations

with the traditional customer care methods due to their restricted access and consequently high volume of consumers using them to complain.

However users also found the traditional methods to result in more effective resolutions to their complaints possibly due to the ability to persistently pursue a satisfactory resolution. The users recognised that digital avenues for customer support are efficient ways to interact with the service provider but traditional channels are still preferred. Most users surveyed preferred a 5-minute wait for a total solution to their complaint, with many also willing to wait 15 minutes for a total solution. Moreover, 27% of users preferred a solution regardless of the wait time and 25% were content with a short wait to receive a partial solution.

The results made evident that users focus on the traditional means because they prefer personal contact when filing a complaint and also because providers often refer problem solving to physical offices. This has generated distrust and disbelief in the effectiveness of virtual channels for customer care. These results suggest that efforts to both improve traditional customer care channels through extended telephone line hours and providing efficient total solutions as well as a implementing a promotional campaign to promote virtual channels may be beneficial.

### *Consumer usage mechanisms*

Research found that only about half of mobile users are making use of existing usage control mechanisms to monitor their consumption, and that this feature is of higher importance to users not on unlimited post-paid plans, i.e. those on pre-paid or limited post-paid plans. Of those users, pre-paid users monitored usage to know how much is available more compared to post-paid users (70% vs. 58%). Similarly, 57% of fixed TV service users check usage to prevent going beyond what is budgeted, compared to 50% for standard users of TV.

Those using the mechanisms found them difficult to use, as the consumption or usage information was not updated with recent data, difficult to interpret, and delivered at imprecise times. In general users that are not making use of consumption monitoring mechanisms do not because it is not simple or relevant information and it is not a priority for them every day. However, those that are

using these mechanisms represent the users who most need this information but are having difficulty receiving useful information.

CRC tested a proposal to send users SMS messages to update them on their usage to increase salience and improve the timeliness of the information. Research found that mobile service users prefer to receive the message 15 days prior to the end of their monthly billing cycle, followed by a second message the day after the end of the cycle. For pre-paid mobile customers, they preferred updates upon recharging and following calls, but preferred not to receive many messages about consumption. Pre-paid television customers preferred voice messages 24 hours prior to completing the credit. The general conclusion was that it is important to communicate balance and consumption data to users, but do so in a balanced and measured manner tailored for each user group. Also, the need for an education or capacity building campaign was identified.

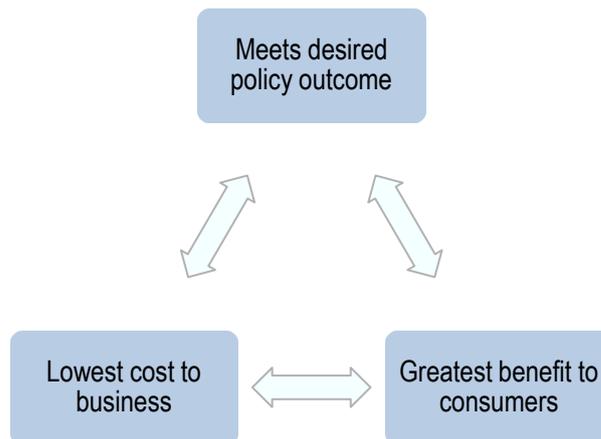
### *Bundling service package*

When users buy a package, or cancel an existing contract, they are not aware of the conditions for each of the services involved, and often sign the contract based merely on the characteristics of one of them (for example, conditions offered for voice services or call times are prevalent for mobile services, despite users actually making greater use of data services). Users perceived several points where information presented is incomplete, confusing and even misleading, especially during the process of purchase.

Users identified fine print as “information overload”, and the use of overly technical terminology as areas that cause greatest issues for users. Conversely, users stated that the most valuable information was that on data consumption, tariffs, promotions, forms and terms of payment. It was recommended that the new regime addresses these issues to improve information for the user, particularly regarding contracts and identifying bundle services and products.

## Evaluation and public consultation

Prior to releasing the new regulatory regime proposal, CRC conducted a series of cost-benefit analysis (CBA) or cost effectiveness analysis (CEA) on some of the draft provisions. CBA or CEA was conducted regarding reconnection fees following the suspension of service for not payment, usage monitoring systems, and the requirement to create a ‘telephone hotline’ and physical office space to provide customer care. Each area tested three different policy responses. For each, the policy option that efficiently met the desired policy outcome and that was both of lowest cost to business and greatest benefit to consumers was chosen. This evaluation process helped CRC to validate the effectiveness of the proposed measures, which were based on the previous provider and consumer psychology exercises.



Using CBA/CEA to determine final draft provisions, the CRC published the new draft regime and evaluation for public consultation between 4 May 2016 and 12 August 2016. Comments from providers, users and authorities responsible for monitoring and control were received. CRC subsequently held working groups with these stakeholders to construct and finalise measures.

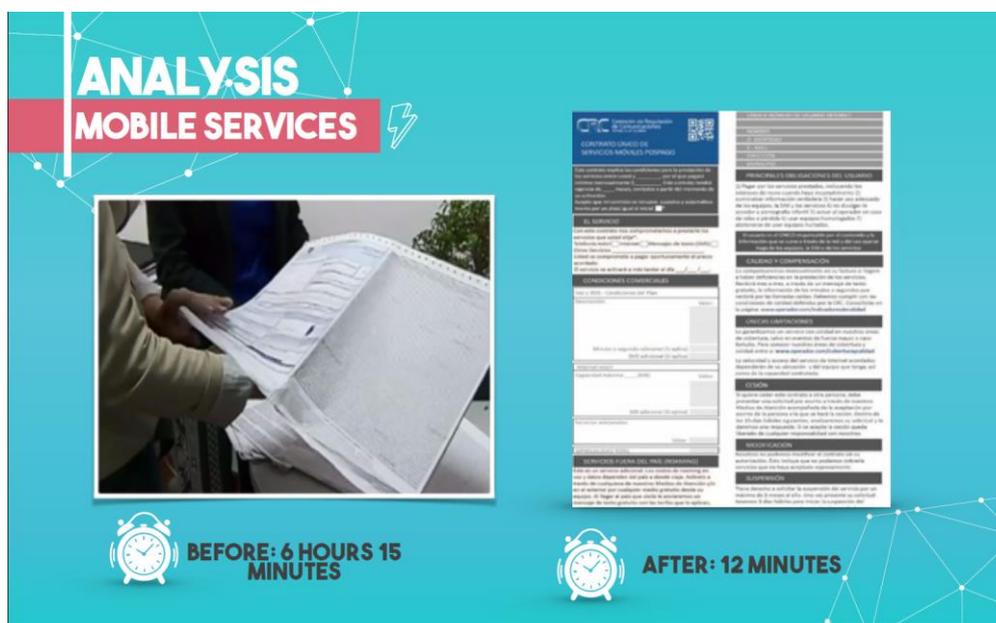
Full details regarding the public consultation submissions, CRC responses and the CBA/CBEs conducted can be found at [https://www.crcm.gov.co/recursos\\_user/2016/actividades\\_regulatorias/nuevorpu/documento\\_respuesta\\_comentarios\\_final\\_rpu.pdf](https://www.crcm.gov.co/recursos_user/2016/actividades_regulatorias/nuevorpu/documento_respuesta_comentarios_final_rpu.pdf)

## The result: The New Regulation on the Protection of Users of Communications Services

Below are key elements of the new consumer protection regime as a result of the behavioural insights, psychological experiments, cost-benefit analysis, and public consultation.

### *Contract information*

The new regime has simplified the contract information required by service providers to be significantly reduced. The contract terms and conditions previously took 6 hours and 15 minutes to read and the new contract can be read in 12 minutes.



### *Bundling service package and tariff/contract information*

The new regime establishes the obligation for providers to offer each of the services that are part of a package individually and separately, with the same characteristics (except the price) that the respective service has in the package. This will allow users to make better comparisons of bundled services and understand if it is convenient to contract a package of services, or to contract the services individually.

In addition, the obligation was established for providers to publish a “packages and rates comparison” on their website, thus allowing users to compare up to 5 packages offered by that provider. This obligation supplements a tool provided on the CRC website which allows users to compare the packages and rates of all the suppliers in the market.

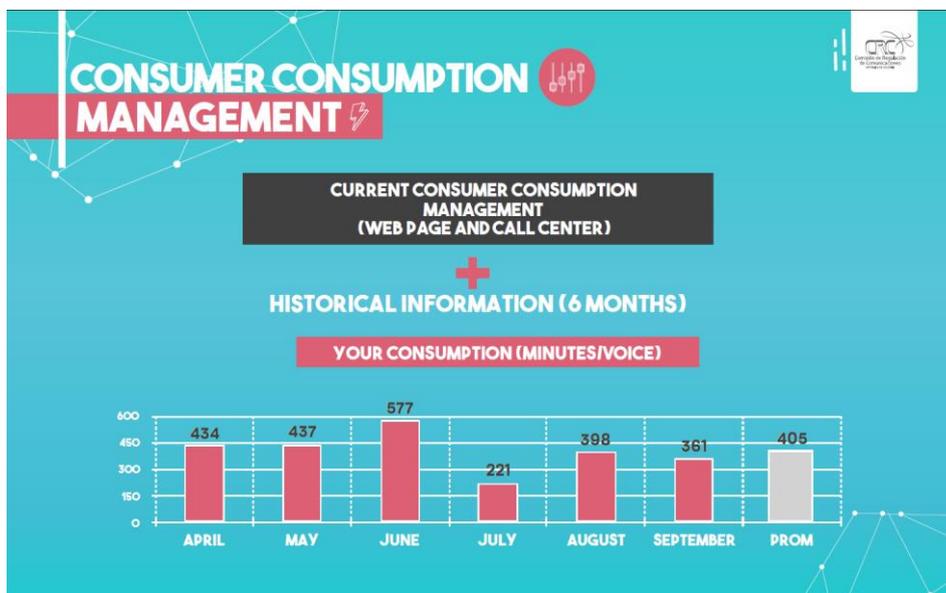
## NEW RULE

**The Telecom service provider shall offer and provide each service within the bundle, with identical characteristics, individually and disaggregated, informing the prices of each one.**

**Comparison between plans and tariffs: Select and compare minimum 5 plans reflecting the user needs.**

### *Consumer usage mechanisms*

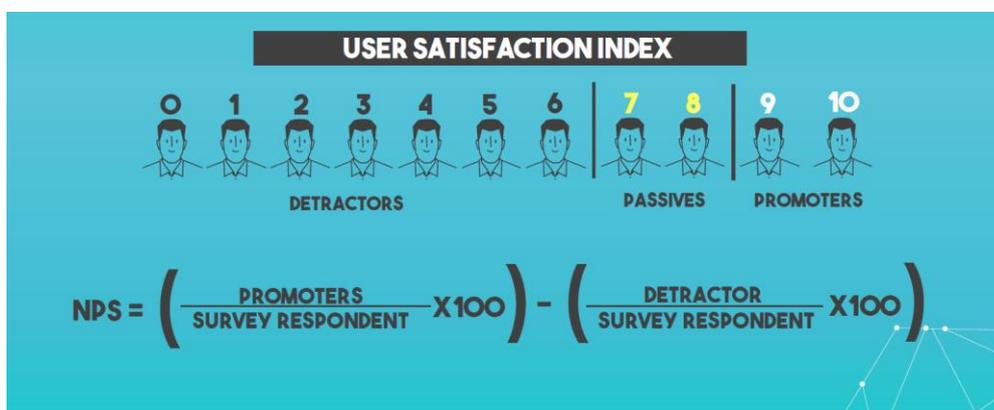
In view of the above, in the New User Regime, the legal obligation for providers to make this information available on the website and in the call centre is maintained. A historical consumption chart from the last 6 months must also be included, which will allow users to know if the contracted conditions actually meet their needs and thus make appropriate decisions.



### *User satisfaction indicator*

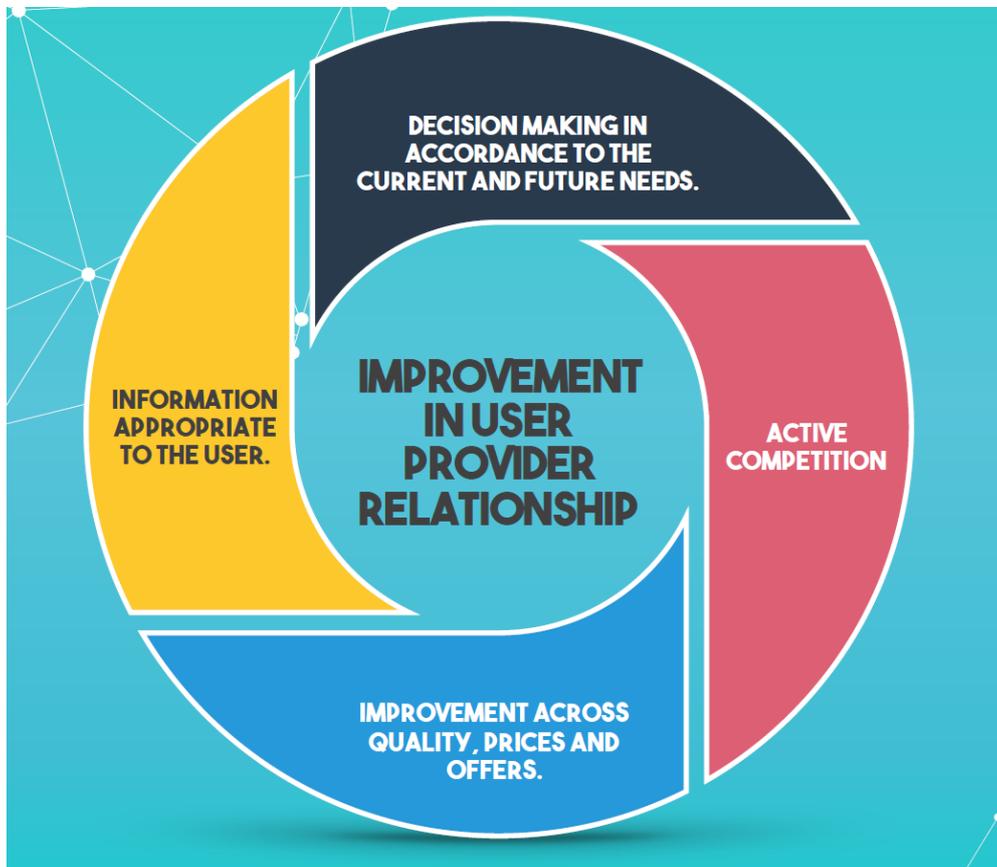
In order to improve customer care satisfaction in compliance with OECD recommendations, the obligation was established with the New Regime for User Protection for providers to measure user satisfaction for each of the customer service mechanisms or user support channels. To this end, after the interactions with the service provider, the user will answer the question: “Would you recommend this user support channel to a family member or friend?”

Providers will send quarterly reports with this data to the CRC, who will publish it for the users’ information. This will be a resource for informed decision making.



### What next?

The new regime will be applicable as of 1 September 2017. After implementation, CRC will implement a framework to help understand the impacts of the new regime on consumer behaviour and the relationship between consumers and providers. Through the analysis of petitions and complaints presented by the users, CRC will also develop objective and subjective measures about user quality, as well as capture opinions of users through social networks, among other data.



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#### **OECD Network of Economic Regulators (NER)**

[www.oecd.org/gov/regulatory-policy/ner.htm](http://www.oecd.org/gov/regulatory-policy/ner.htm)

#### **Protecting Consumers through Behavioural Insights: Regulating the Communications Market in Colombia**

[www.oecd.org/gov/regulatory-policy/protecting-consumers-through-behavioural-insights-9789264255463-en.htm](http://www.oecd.org/gov/regulatory-policy/protecting-consumers-through-behavioural-insights-9789264255463-en.htm)

#### **OECD work on behavioural insights**

[www.oecd.org/gov/regulatory-policy/behavioural-insights.htm](http://www.oecd.org/gov/regulatory-policy/behavioural-insights.htm)

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