

**Answers from LaNetro Zed on  
Consultation Paper  
Child Safety and mobile phone services**

**Madrid, October 16<sup>th</sup> 2006**

## QUESTIONNAIRE on child safety and mobile phone services

### Risks

#### 1) Can you provide the Commission's services with figures and examples on risks raised by the use of mobile phones by children and young people?

Internet has become an increasingly important tool for leisure. The usage of mobile phone is coming closer to Internet offering very similar possibilities regarding leisure (game, photo and message exchanging, chats etc.)

Therefore any risks that are presents today on the Internet are already a risk for children and youngsters using mobile phones. This could increase even further when the UMTS Technology becomes widespread in the EU.

The key critical issues that minors may face regarding the usage of the mobile are related with:

- Commercial harmful content: adult content or porn; gambling; violent, racist, sexist and religious offending content. This content can be commercialized by some mobile service providers and Mobile Network Operator (MNOs). Besides, a wide range of this harmful content is available in internet and therefore children could easily access to it through mobile handsets.
- Costs: unclear or abusive costs and contract terms for product and services and lack of knowledge of the traffic cost -this last one is usually a hidden cost for the consumer.
- Chats and other peer to peer applications: As any other interactive communications channels, these mobile services could generate dangerous or unwanted situations for children. For example, accessing to a chat room can become an open door to unwanted contacts with persons or groups, which parents would not allow their child in an every day situation; also minors accessing a chat could generate or view inappropriate content for their age.

We propose several measures to prevent these risks:

- Harmful content: parents should have the possibility through an opt out system to choose which content their children cannot access. Parents should have the chance to filter according to the type of content. That would mean parents can choose to block their children access to any kind of adult content or to chat rooms services independent from the provider or even to Internet through the mobile handset –that is, the parents can include their children in a “Black List”.
- Costs: as in other communications services (DSL, Fix Line) we support the introduction of flat rate tariffs for data traffic on mobile phones. Regarding content cost, a good control measure to track the use of the mobile services would be to send detailed bills also for pre-paid cards.
- Chats and peer to peer applications: we are in favour of the inclusion of human moderators in chats to control unethical behaviour of community members and to prevent the participation of unwanted people/groups in communities
- Finally we recommend the inclusion of all these measures in national code of conducts applied to this industry.

## **2) Do you see specific risks associated with the use of pre-paid cards, which ones?**

Lack of information about who is the prepaid card's holder has two consequences:

- It is not possible to control a priori. Service providers and MNOs cannot block the children's SIM for inappropriate uses. The opt out system is a solution: parents buying a pre-paid SIM card, should have the option to inform MNOs that the user will be a child, so that parents could decide about blocking access to Internet or to certain services.
- It is much more difficult for parents to control a posteriori the use of the children's mobile, since there is not a detail bill that parents can track. Therefore, it is not easy for parents to stop their children from accessing / purchasing without their permission certain product and services.

However, the identification of prepaid card users is a problem which goes beyond issues related with children. For example a prepaid card can be used to carry out illegal activities (terrorism, fraud, etc.) under an anonymous identity.

## **Regulatory framework**

### **3) Please identify which of the above risks are not covered by the current national regulatory, co-and self-regulatory frameworks.**

Due to the introduction of successful newly developed services, regulatory frameworks can be easily out of date because technological services quickly surpasses regulation. Therefore we believe that regulatory and self-regulatory frameworks should be constantly updated according to new services developments and that such a constant update is easier to achieve through self-regulation by the market players.

### **4) Do you think the current balance between regulation/co-regulation and self-regulation is the right one?**

The balance between regulation/co-regulation and self-regulation depends on particular characteristics of each country. There are different factors that intervene as for example the attitude of MNOs, the influence of industry associations, the position of regulatory bodies, the power of consumer associations and in general sensitiveness in society about the risks and problems of the usage of mobile phones by minors.

For us the best option is self regulation combined with basic rules at an European level, (especially regarding children accessing adult content and the introduction of a parental control tool). The reason for this is that self regulation is a voluntary commitment undertaken by the market players, or at least a significant part of them. Therefore, it should be easier and quicker to adapt and amend self regulation to market and business developments than state regulation.

However, unfortunately there are certain players that don't commit themselves to any restrictions and therefore have advantage over other players who have committed to self regulation. Therefore, besides strengthen self-regulation, we would also welcome a minimum regulated framework. This framework could be developed and observed by an interlocutory commission on an European level, which would be an organisation formed by the industry stakeholders and supported by the European Commission.

Furthermore this organisation could propose a quality standard similar to the ISO, which would be awarded to companies that fully comply with norms established by this body.

## Technical solutions

### **5) What measures do you recommend in the different areas described below, and why? By whom should they be implemented?**

#### **5a) Classification of commercial content**

Classification of content is a difficult task. To be efficient this classification should be developed by industry experts and checked by the European body we suggest in the previous question –number 4.

Apart from the above, adult content could be commercialized under a specific assigned premium sms number. For example those starting by “seven” could be only devoted to adult content.

#### **5b) Opt-in /opt out. Should the Opt-in (where the user has to explicitly request access to adult content rather by accessing it by default) approach be applied in all EU countries?**

As a principal mobile phones should be open to all product and services available. Nevertheless we should call industry players to provide parents with adequate tools allowing them to decide in a responsible way, what kind of use they want to give to their children’s mobile phone and if necessary to block certain services through an opt-out system.

The Opt-in solution is of course a protective solution, but we deem that implementation should be decided individually by each market players, rather than generally imposed. We deem that there maybe more adequate solutions (see our underlined comment in section 5c) below).

#### **5c) Age verification: should Mobile network operators implement face to face identity check to determine the age of the user? Should this process also be applied when a customer buys a pre-paid card?**

Age Verification Systems when buying by electronic means has proven to be complicated, intrusive and not 100% efficient. Children can always find a way to cheat any filter. This could happen for instance when using parents’ credit card without their permission or by using an adult’s Identification Card without their knowledge, etc.

An efficient age verification filter could be as simple as asking parents to identify that the mobile phone is used by a child. Therefore in accordance with MNOs they could set a parameter associating a certain mobile phone with an “adult” or a “non adult” identification.

Also we think that it should be part of parents duty to indicate MNOs those prepaid cards used by minors. In that way MNOs could hold a list of prepaid cards used by children in order to avoid misusing or accessing non adequate content for their age.

Other positive measures could include a more transparent billing system: The customers’ bills should contain precise information about downloaded contents. This should also apply to prepaid cards, allowing parents to have control on what their children do with their mobile phone.

#### **5d) Filtering and blocking systems. Should filtering systems be installed by default when the subscription allows internet access?**

We are not in favour of any kind of filtering or blocking system by default as we would be introducing a censorship mechanism, which would be a step backwards in any modern society. Filtering and blocking system should only be applied to those contents considered illegal according to each country’s legislation.

What is necessary is that parents always have the necessary tools to block those content they consider inappropriate for their children.

**5e) Chat rooms. Should chat rooms accessible by children be moderated (in an automatic way or by a person)?**

Chat rooms should be moderated by a person rather than in an automatic way, since this last option has been proved before as limited and inefficient. Children can easily cheat a computer but it is more complicated to do it with a person in a chat room. Mobile chat rooms and mobile Internet are in an early stage of development. Nevertheless it is highly recommendable to have persons moderating, although it is a very expensive measure.

**5f) Raising awareness among parents and children**

Information and Education are the two keystones of the future of a correct use of new technologies, which obviously include mobile phones. The Administrations should therefore inform and educate about the possibilities and risks of these new technologies. The Administration on a local, regional and national level should promote initiatives focused on informing and educating society about the correct use of mobile phones. These campaigns could promote the correct use of mobile phones at schools, and parents associations.

Also all industry players (MNOs, Service and Content providers, regulatory bodies, Consumer Associations) should support this task by committing themselves as experts putting forward their knowledge.

For instance they could support the Administration through seminars and meetings in large industry events. Telecommunications Congresses, Relevant Trade Fairs, and any other mobile content event should include in their agenda these topics.

**5g) Dedicated mobile phone packs for children, for which age group?**

This is a very respectable measure carried out by MNOs.

Except for specific adult contents whose access should be restricted for minors, it is difficult to establish age group categories for regular contents, as it is clear that teenagers play generally an important and active role as direct clients of the entertainment business sector, whether mobile content or other (Internet, audiovisual, games, etc.)

**European solutions**

**6) Among the measures listed above which ones would be useful to elaborate at European level? For which ones would it be useful to discuss/exchange best practices at European level?**

In order to achieve a wider impact all the above proposed measures should apply at a European level. All above mentioned topics should serve as the basis for a wider discussion between all stakeholders involved in the development of services for mobile phones and their consequences for children and young people, where best practices should be shared.

As we mentioned above, we propose the creation of an interlocutory commission on an European level, it would be an organisation where all stakeholders related with this industry would be represented. Among them would be the operators, industry associations, public administrations, consumer associations, parents associations etc.

Furthermore this organisation could propose a quality standard similar to the ISO, which would be awarded to companies that fully comply with norms established by this body.

## 7) Additional comments

From the point of view of a leading European content and service provider we can mention the following some initiatives put forward and aimed at protecting both children and consumers in general:

### I. Not addressing children:

Children are not our target group. Our core target is from 16 to 35 years old people.

- We don't advertise on TV programmes aimed exclusively to children.
- In the EU countries where the company is present we apply some measures to prevent children from subscribing to our services without permission, for instance:
  - our advertisements make it clear that our services are aimed to a certain category of age (i.e., + 16)
  - we inform in our advertising that minors must ask for permission to subscribe, etc.

### II. Parental Control

Our company is concerned about minors and their parents receiving clear and sufficient information before subscribing to sms premium services. Our company is also very concerned about minors not to be granted access to adult restricted contents.

We rely on accurate and informative advertising as well as on parents and tutor's cooperation to ensure that a subscription to our services is based upon an informed decision. In addition, at this point in time our products and services do not include adult restricted contents, as we deem that minors safety should prevail for as long as secure filter systems do not exist.

Furthermore, we have implemented on our product websites a clearly visible parental control tool, where parents can block children from subscribing to our services (for example: [www.zed.de](http://www.zed.de)).

### III. Harmless Content

As mentioned above, we don't commercialize adult contents- porn- or unethical products related with violent, racist, sexist or religious offending issues. All contents commercialized by LaNetro Zed are harmless for children. We can guarantee this because 85% of the LaNetro Zed's catalogue is based on its own intellectual property.

### IV. Price cap

Today we cannot ignore that the personalization of mobile handsets is a social trend. Everybody likes to have a personalized mobile handset; youngsters are among the groups who show special interest in this trend. Therefore as a leading mobile content company we considered that offering a subscription model was definitely the most advantageous for our customers, since paying a fixed price meant they were going to get more for their money than the 'pay per item' model.

We have a very sensible price cap, € 12 including VAT a month. The client benefits from our lower prices and exclusive quality product.

The client is free to leave the club, since we bill in 5 day periods giving them more freedom, and the process to unsubscribe is very simple.

The client can download all kind of products -and if there is a limit to the number of downloads in a particular category we clearly state this point in our ads.

### V. Transparency

The transparency of our business model (subscription services) and advertising are two of our keystones:

- We introduced “Club zed”, which we think is a very transparent and customer-friendly model.

In the industry consumers were previously forced to pay various subscriptions for different types of products. Club Zed guarantees that members can download an ample category of content, for example games and ringtones, without needing different subscriptions. A customer who has the Club Zed subscription cannot buy any additional subscriptions from Zed. We only allow a single subscription per mobile number and if the client on purpose or inadvertently tries to subscribe twice in our services he would be unable to do so.

- Regarding our communication we make clear four important matters for the customers :
  - that it is a subscription service
  - price
  - how to unsubscribe
  - how to contact our Customer Care Line

All these matters are in one way or another explained in our advertisements, products Websites, Wap portals and welcoming premium SMS.

#### VI. Customer Fairness

We follow the policy of refunding the money when minors subscribe to our services without parent's permission, even if we were cheated by the minors about their age.

#### VII. Code of conduct

We support the introduction of code of conduct in all countries where we are active and we even go further ahead in the introduction of customer friendly measures.