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Duma Reviews Mobile Content Fraud Bill

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Unwary subscribers would be better protected when making a purchase. **Igor Tabakov**

A bill protecting mobile phone users from fraudulent transactions was tentatively approved in its first reading by the State Duma despite outcry from the big three mobile service providers warning that legitimate content providers would suffer.

The purpose of the bill, which introduces changes to the existing communications law, is to try to reduce the amount of fraudulent transactions — valued at $190 million last year — taking place on the mobile content market, Vedomosti reported Wednesday.

The bill introduces two new processes with which mobile operators, third-party content providers and subscribers will have to comply: a separate account for paid content and a double authorization procedure by which the phone user has to send two text messages, instead of one, to give the provider permission to charge the account.

The first measure is set to protect the main account from being billed for anything other than charges for services provided directly by the operator, such as voice calls, Internet, and add-

on services.

AC&M consulting estimated that content providers will suffer a 70 to 90 percent loss in turnover if a double account system comes into effect because of the extra hassle customers would have to go through to open a second account.

"Content services are characterized by their spontaneous use and impulse buying," VimpelCom's press service said Wednesday. "Existence of the second account does not fit the nature of content service consumption because customers are not going to top up the second account ahead of time since content purchases are not planned."

The second measure protects users from accidentally replying to a fraudulent message and thus unwillingly subscribing for a paid service. Having to confirm the subscription with an additional SMS is meant to indicate that the user is aware of the costs associated with the service.

The double authorization mechanism will create certain inconveniences for service users, such as making purchases from within the app and the need to exit a running program to make payment verification, said Nadezhda Antsiferova, spokeswoman for the Mobile Content & Service Provider Association. VimpelCom suggested that other mechanisms, such as making it compulsory to inform the user of the service cost prior to charging the account, could be more effective.

Mobile operators submitted an amendment to the bill that makes creation of the second account optional, catering for users who are concerned about their spending. State Duma Deputy Speaker Sergei Zheleznyak said that amendment would be considered in the next reading.

Mobile operators are asking the government to postpone the implementation of mobile number portability, or MNP, until the middle of next year, Vedomosti reported.

VimpelCom's government relations spokesman Pavel Borodin said there were difficulties with finalizing the logistics of number portability. For example, mobile operators and the government cannot agree on where the customer should submit the request — with the company that is losing or the one that is gaining the customer.

A law passed in December of last year gave operators 12 months to make it possible for mobile subscribers to keep their number while moving from one operator to another.

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