



F. No. 15-07/20(CA)/PTA/99/2006/8

4th August 2023

**DECISION OF THE AUTHORITY ON INTRODUCING / IMPLEMENTING SIM
DISOWNING CHARGE**

1. Background of the case:

1.1. Briefly stated background of the case, the Pakistan Telecommunication Authority (the "Authority") in consultation with all the concerned stakeholders passed decision on the charges on account of disowning of SIMs. The matter has been decided twice by the Authority i.e. in 2016 and 2020 wherein all CMOs were not allowed to demand or levy charge from the customer for disowning of SIMs. However, in light of decision of the Authority passed on 28th August, 2020, Telenor Pakistan (Pvt.) Ltd. approached the Authority in August, 2022 for review of its order contending therein that implementation of disowning charge will disrupt malpractices by fraudsters and miscreants.

2. Public Consultation on Implementing SIM Disowning Charge:

2.1. In order to proceed further in the matter, a consultative meeting was held on 21st September 2022 with all Cellular Mobile Operators at PTA Headquarters to deliberate on the issue of introducing / implementing SIM disowning charge. During the meeting, all CMOs agreed on introduction of SIM disowning charge. After discussion at length on the issue, it was decided that CMOs will submit framework / mechanism for addressing genuine concerns of complainants along with price.

2.2. Another meeting was held with CMOs on 14th November 2022 to discuss mechanism to implement SIM disowning charge. During the meeting, PMCL (Jazz), Telenor and CMPak (Zong) proposed that PTA should set price floor and price ceiling for SIM disowning in the range of Rs. 200 to Rs. 500 whereas PTML (Ufone) was of the view that only price ceiling be determined by PTA. It was suggested that CMOs would develop proper mechanism for SIM disowning and consider free disowning for those customers who disown their SIM after certain predefined period.

2.3. On 19th January 2023, PTA issued Consultation Paper on SIM Disowning Charges and all stakeholders including general public and consumer associations were requested to provide their comments / views / feedback on the following issues. Moreover, a Public Notice for seeking comments of general public was also published in the press.

- a) Whether Cellular Mobile Operators should be allowed to levy SIM disowning charge? If yes, should PTA determine price floor as well as price ceiling for SIM disowning?
- b) PTA proposes price ceiling of Rs. 200 for SIM disowning without determining price floor. (Agreed / Not agreed)
- c) Whether one time waiver may be allowed to facilitate consumers for disowning their SIMs?
- d) Should SIM disowning charge be waived in case of SIM retention period of more than 6 months?

- e) Whether Cellular Mobile Operators be obligated to carry out public / awareness campaigns wherein status of registered SIMs against each CNIC shall be transmitted / communicated to the consumers to facilitate one time disowning of SIMs free of charge?
- f) Whether Cellular Mobile Operators be mandated to develop proper mechanism for SIM disowning?
- g) Any other issue may also be highlighted relating to SIM disowning.

3. Response to Consultation Paper:

3.1. All CMOs and few individuals have submitted their feedback on the questions raised by PTA in the consultation paper and the same are summarized below:

3.1.1 Question No 1: Whether Cellular Mobile Operators should be allowed to levy SIM disowning charge? If yes, should PTA determine price floor as well as price ceiling for SIM disowning?

i. PMCL (Jazz)

Yes. SIM disowning charge shall be recovered from customers. SIM disowning price should be suitably deregulated to remain within the range between PKR 200 price floor and PKR 500 price ceiling or let the market forces to decide SIM disowning charge keeping in view all related business and cost impacts.

ii. CMPak (Zong)

Yes. The CMOs should be allowed to levy SIM disowning charge. PTA should determine both price floor and price ceiling for SIM disowning.

iii. PTML (Ufone)

Implementing SIM disowning charge in absence of an established/regulated SIM sale price may be unfair for the consumers. However, free facility of SIM disowning may be exploited by miscreants, fraudsters, and grey traffickers etc. to manage/ accumulate a repository of fake SIMs. In view of above factors, it is proposed that CMOs may charge a nominal fee for SIM disowning with price floor and ceiling strictly regulated by PTA.

iv. Response of General Public:

a) As a consumer, I do not believe that Cellular Mobile Operators should be allowed to levy SIM disowning charge. Consumers have the right to leave or change networks at any time without incurring additional cost and imposing a SIM disowning charge would be an unfair.

b) No. CMOs propose to impose SIM disowning charge to retain customers to their network and maintained their market share in current competition of CMOs by creating hurdles for the customers. CMOs are free to impose new connection fee at the time of issuance of SIM to meet their expenditure not at the time of closing or disowning connection.

c) Sim Disown free kar den. Free SIMs kay pooray Pakistan main stalls lagay hoay hen jin ki waja se crime me izafa hota hay. Free SIMs khatam kar den har haal main. New SIM ki price high kar den.

3.1.2 Question No 2: PTA proposes price ceiling of Rs. 200 for SIM disowning without determining price floor (agreed/not agreed)

i. PMCL (Jazz)

Not agreed. PMCL (Jazz) strongly supports the imposition of PKR 500 price ceiling for SIM disowning or let the market forces to determine the SIM disowning charge.

ii. Telenor Pakistan

A price floor and price ceiling in the range of PKR 200 to PKR 500 are requested and will be introduced as soon as possible as a SIM disowning charge.

iii. CMPak (Zong)

Both price floor and price ceiling should be determined by PTA for SIM disowning. Price floor should be set at PKR 200/- to discourage fraudsters and illegal/grey SIM sales, and price ceiling should be set at PKR 500/- to protect consumers from excessive levy of charge and disparity.

iv. PTML (Ufone)

Ufone do not agree with imposition of price ceiling only. Some players may continue to offer zero rated disowning in the absence of price floor and other operators will be forced to follow the suite due to intense competition. It is proposed that a very narrow margin may be allowed between Price floor and ceiling so that the disowning remains almost equally priced across the industry. Price floor of Rs 50/- and ceiling of Rs 100/- is proposed

v. Response of General Public

a) No. As a consumer and IT expert, I would not agree with PTA's proposal of a price ceiling of Rs. 200 for SIM disowning without determining a price floor. I would recommend that PTA should set both price floor and price ceiling for SIM disowning, to ensure fair charges for consumers and avoid exploitation by the operators.

b) No. Instead of SIM disowning charge, PTA to impose SIM issuance charge.

3.1.3 Question No 3: Whether one-time waiver may be allowed to facilitate consumers for disowning their SIMs?

i. PMCL (Jazz)

Not agreed. It will open floodgate for un-necessary & frequent disowning activities and will cast huge cost impact on PMCL (Jazz) / CMOs without recovering the cost of the SIMs and related expenses. Waiving cost of the SIM in the times when SIMs availability is also a herculean task due to strict import restrictions, CMOs should be allowed to continue to recover this cost of the SIMs and ensure genuine subscribers holding SIMs.

ii. CMPak (Zong)

No one time waiver should be allowed to consumers for SIM disowning. Rather, there should be proper public awareness campaign led by PTA for prior intimation to consumers about the applicability of SIM disowning charge. Before the cut-off date, the consumers can disown the SIM as per the current applicable regime but afterwards, all consumers will be subject to uniform SIM disowning charge.

iii. PTML (Ufone)

One time waiver should be allowed to facilitate customers to optimize/ validate the mobile connections already issued against respective credentials. However, one time waiver may be imposed operator-wise instead of industry-wide imposition to avoid complications in keeping track of disowning activities, operators' precedence etc.

iv. Response of General Public

As a consumer, I believe that a one-time waiver may be allowed to facilitate consumers for disowning their SIMs. Giving consumers a one-time waiver would provide them with the opportunity to change or leave networks without incurring additional costs, which would be fair and just.

3.1.3 Question No 4: Should SIM disowning charge be waived in case of SIM retention period of more than 6 months?

i. PMCL (Jazz)

Not agreed. The level of ARPUs are very low in Pakistan and the significant number of customers usually keep SIMs without doing top ups or using active service, therefore, retention of 6 months would not be a true gauge to allow disowning free of cost.

ii. CMPak (Zong)

There should be uniform applicability of SIM disowning charge across the entire subscriber base of any CMO. Otherwise, there will be complaints for discriminatory treatment by consumers in case charges are waived for one segment and not waived for another.

iii. PTML (Ufone)

Keeping in view our principle stance that Implementing disowning charges in absence of an established/regulated SIM sale price will be unfair for the consumers, we believe that maximum allowance to genuine customers should be offered to facilitate free of cost SIM disowning

iv. Response of General Public

- a) As a consumer, I believe that a SIM disowning charge should be waived in case of SIM retention period of more than 6 months.
- b) Partial agreed. However, Issuance of SIM on any one CNIC without its consent (fake biometrics/prize scheme scams victims) may be affected if charges imposed and they may not proceed to blocked SIM to avoid paying of charges.

3.1.4 Question No 5: Whether Cellular Mobile Operators be obligated to carry out public / awareness campaigns wherein status of registered SIMs against each CNIC shall be transmitted / communicated to the consumers to facilitate one time disowning of SIMs free of charge?

i. PMCL (Jazz)

Not agreed. We strongly oppose this idea. Customers already have a service available to check/verify the count of SIMs registered against their CNICs through short code 668 or website <https://cnic.sims.ok/>. Therefore, this idea of disowning for free of cost is not based on legal and factual aspects.

ii. CMPak (Zong)

Yes. There should be public awareness campaigns to intimate consumers about the status of registered SIMs against each CNIC along with the cut-off date for implementation of SIM disowning charge. No FOC treatment will be allowed after the cut-off date.

iii. PTML (Ufone)

Clause 9 (c) of SOP on SIM Sale and Activation through Biometric Verification obligates all CMOs to send messages to its customer base twice in a year (January and July) containing count of SIMs registered on respective network against their CNICs. Therefore above requirement is already being fulfilled by CMOs and compliance is also being submitted with Enforcement Division of PTA.

iv. Response of General Public

- a) I think this is good.
- b) In lieu, a mechanism may be enforced for identification of CNICs who regularly activate the SIMs and after some days block/disown it. Such CNICs should be permanently blocked to get Cellular/fixed line connection.

3.1.5 Question No 6: Whether Cellular Mobile Operators be mandated to develop proper mechanism for SIM disowning?

i. PMCL (Jazz)

The process for SIM disowning is already well defined and standard across all CMOs. It has been further strengthened after the implementation of MBVS industry-wide recently. We understand that there is no issue highlighted by PTA around this subject which require to improve SIM disowning process. However, we always support PTA's initiative to upgrade its SOPs/standard operating procedures in the interest of customers, where it is necessary and meet the ends of justice and fair play.

ii. CMPak (Zong)

Proper mechanism for SIM disowning is already in place wherein SIM disowning is done only at CSCs and franchises after biometric verification and also after a minimum of 60 days of issuance (i.e. Minimum Subscription Period, MSP).

iii. PTML (Ufone)

PTA's SOP on SIM Sale and Activation through Biometric Verification communicates all such requirements and mechanism for all possible scenarios i.e. SIM Activation, Change of Ownership, Disowning etc. Clause 9 (1) of the SOP particularly spells out the mechanism for SIM disowning. Accordingly, CMOs have developed relevant mechanism at their end. In case, PTA intends to place additional checks/ requirements, same may be shared with all stakeholders for consultation. In case any further requirements are required to be incorporated, we need to be mindful that the rights of legitimate users/subscribers shall remain equally protected while taking such measures.

iv. Response of General Public

- a) Yes very strictly.
- b) No. Such mandate may be badly affect the customers and they suffer with CMOs monopoly. Resultantly, ratio of complaints to PTA on such issues will increase as well as legal cases in court of law may be faced by PTA being regulatory authority. Currently, Telenor customers already suffered due to company's policy of disowning.

3.1.6 Question No 7: Any other issue may also be highlighted relating to SIM disowning.

i. Telenor Pakistan

The followings are some pertinent critical facts regarding SIM disowning misuse that need to be addressed to improve the SIM disowning procedure:

- a) Financial loss to mobile operators: concerning the current economic situation where the cost of doing business and other operational expenditures have gone up many folds, mobile operators are bearing substantial financial loss in the form of increased customer acquisition costs. In these circumstances, the unchecked free disowning is further detrimental to the already squeezed profits and makes it practically impossible to continue without the imposition of a fee on SIM disowning.
- b) Habitual offenders misusing disowning: In many reported instances where people for petty monetary gains knowingly & willingly purchased the SIMs, handed them over to any illegitimate source and in some cases keep them to their-self and when these SIM(s) gets blocked by Telenor either due to their involvement in any illegal activity or marked as dead sales, these habitual offenders to create space in PMD controlled 5 SIMs/CNIC data and to escape any potential repercussions, used disowning as a tool for their vested interests including abuse of new customer acquisition offers, which are significantly attractive.

c) Nexuses between Grey SIMs & SIM disowning: We believe that there is a strong correlation between disowning & grey traffic and Telenor Pakistan always advocated the need to deal with the nexus with an iron hand. Poor economic conditions and free disowning have resulted in incidents where even after activation of SIMs through detailed BVS verification SOP, ended up in the hands of a grey trafficker. Afterwards, when these SIMs got blocked by operators on grey traffic, to avoid any adverse action, the impostors through actual customers not only get these SIMs disowned but also raise false alarms by filing complaints to PTA of SIM activations without their consent.

ii. CMPak (Zong)

SIM disowning charge has two-fold benefits which is a win-win situation for both CMOs and PTA/LEA i.e.

- a) It will curtail the circulation of illegal/grey SIM by discouraging the fraudsters/criminals.
- b) It will allow CMOs to recover the sunk cost including SIM card charges, NADRA biometric charges, etc.

iii. Response of General Public

- a) SIM Issuance charge be implemented.
- b) Disowning charge must be zero so that all the fake activated SIMs be removed from system and actual picture be displayed.

4. Public Hearing before the Authority:

4.1. After carrying out public consultation process and examination of comments, a public hearing on 30th May 2023 was convened. Mr. Mudassar Hussain (PMCL), Mr. Naveed Khalid Butt (PTML), Mr. Raza Naqvi (Telenor Pakistan), Brig. (R) Sarwar Alam (SCO) and Brig. (R) Shahzad Sami (CMPak) along with their teams attended the hearing on the said date. Furthermore, one of the consumers who submitted their written comments on the consultation paper also attended the public hearing through online link.

4.2. During the hearing, all CMOs have supported implementation of SIM Disowning charge in Pakistan as well as in AJ&K and GB, however, there was difference of opinion regarding price of SIM disowning. Telenor and CMPak (Zong) supported price floor of Rs. 200 and price ceiling of Rs. 500 whereas PTML (Ufone) stated that it should be Rs. 50 and Rs. 100 respectively. PMCL (Jazz) suggested that price floor should be Rs. 500 and price ceiling to be determined by market forces. SCO also supported SIM Disowning charge and stated that minimum price should be Rs. 200. However, introduction of SIM disowning charge was not supported by the consumer who attended the hearing online.

5. In light of consultation and responses /submissions, following factors have been considered for introducing SIM disowning charges:

5.1 In accordance with the applicable regulatory regime the Authority, *inter alia*, is mandated to regulate competition, promote and protect rights and interests of consumers and promote the availability of wide range of high quality, efficient, cost effective and competitive telecommunication services throughout Pakistan and AJ&K and GB. Furthermore, the Authority is also mandated to encourage fair competition in the telecommunication sector throughout Pakistan and AJ&K and GB.

5.2 It is a fact that significant resources and cost (SIM acquisition cost, NADRA verification cost etc.) are involved in the process of SIM sale to customers through Biometric Verification

System (BVS) and the same has increased owing to current economic situation and increase in operational expenditures. Although SIM connection price is already deregulated however, considering the element of competition in cellular market, CMOs are unable to recover SIM cost and consumers are availing free resources in the form of data, SMS and on-net minutes upon issuance of new SIMs.

5.3 It has also been observed that during the period from January 2022 to June 2023, on average 899,000 SIMs (approx.) have been disowned per month which is considered a wastage of resources and burdening the national exchequer as SIM is being imported from abroad and country's precious foreign exchange is spent in acquiring new SIMs.

5.4 Due to current economic situation, CMOs are also facing difficulties in opening Letter of Credits (LCs) with regards to procuring SIMs and introduction of any charge on SIM disowning will stop / control disowning phenomena which is presently observed.

5.5 Another phenomena which is being observed is that some consumers willingly or unwillingly handover SIMs to illegal sources for monetary gains and exploit free disowning SIM facility by returning the SIM after they are identified and acquire new SIM of other operator for the same activity. Thus, they are involved in abusing new customer acquisition offers for sale of SIM.

5.6 There were instances where free disowning of SIM phenomena were exploited by grey traffickers as they were able to get new SIMs which were used in grey traffic even after activation of SIM through BVS.

5.7 Although CMOs agreed on imposition of disowning charge but there is no agreement / consensus among CMOs on amount of SIM disowning charge. Moreover, CMOs have not developed any mechanism for addressing concerns of genuine consumers e.g. in case of illegal SIM issuance on the CNIC of a customer etc. the burden of disowning charge will be borne by that customer which is not justified. Furthermore, Regulation 10 (ii) of Telecom Consumer Protection Regulations, 2009 also require operators to ensure that consumers know the exact costs for all services prior to purchase, clearly expressed without any false or misleading information. Therefore, there is a dire need to develop mechanism and or initiate public awareness campaign before introducing / implementing SIM disowning charge.

5.8 The Authority is also of the view that introduction of SIM disowning charge will help in reducing e-waste which is one of objectives of United Nations (UN) Sustainable Development Goals (SDGs) as consumers as well as operators will become responsible in minimizing e-waste.

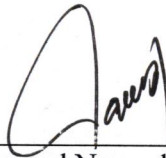
5.9 As per the applicable regulatory regime, market forces are determining price of SIM through competition. Considering the element of deregulation, an order dated 28th August 2020 was issued wherein the Authority had observed "forbearance" with regards to minimum sale price for issuance of any type of new SIM at the retail level in Pakistan as well as in AJ&K and GB.

5.10 During the consultation, CMOs have requested the Authority to allow them to levy SIM disowning charge. The Authority while considering their request also intended to deregulate the SIM disowning charge as the same was done in case of minimum sale price for a mobile SIM. However, there is possibility that CMOs might exploit their consumers by levying heavy charge for disowning of SIMs. Therefore, to protect the interest of consumers, avoid burdensome and unfair pricing / charges, the Authority deems it necessary to impose a price ceiling for disowning of SIMs.


6. Order:

6.1. In light of the afore-mentioned discussions, the Authority hereby concludes and decides as under:

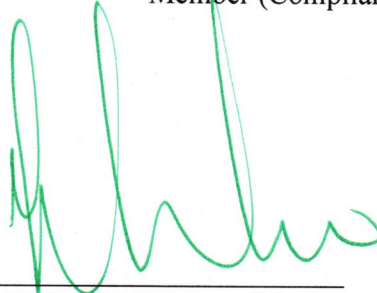
- a) Minimum sale price for issuance of any type of new SIM such as GSM SIM, USIM, LTE SIM etc. (first time issuance including Voice and Data, and Data only SIMs) at the retail level stands deregulated (excluding tax and verification charges) in Pakistan as well as in AJ&K and GB.
- b) CMOs providing services within the territory of Pakistan as well as AJ&K and GB are allowed to demand and / or levy charges up to a maximum of Rs. 200 from the customers for disowning of SIMs with effect from 1st January 2024.
- c) CMOs shall carry out extensive public / awareness campaign for a period of five (05) months starting from August 2023 till December 2023 wherein status of registered SIMs against each CNIC shall be transmitted / forwarded to consumers to facilitate disowning of SIMs free of charge before implementation of disowning charge. Furthermore, public shall be made aware that SIM disowning shall not be free after 31st December 2023.
- d) Contents of Awareness campaigns / Advertisements shall be submitted to Director General (Commercial Affairs) PTA by CMOs within two weeks from the date of receipt of this decision for seeking prior approval of the Authority.
- e) One time free disowning of SIM shall be allowed by all operators if the consumer substantiates his / her claim pertaining to illegal issuance of SIM without his knowledge / consent.
- f) SIM disowning charge shall be waived off by all CMOs in case of SIM retention period is more than six (06) months.



Muhammad Naveed
Member (Finance)



Dr. Khawar Siddique Khokhar
Member (Compliance & Enforcement)



Maj. Gen. Hafeez Ur Rehman (R)
Chairman

This order is signed on 4 day of August 2023 and comprises of 8 pages.