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Improving Retail Service Quality: Switching Issues Paper

Mercury welcomes the opportunity to share our views with the Commerce Commission (the Commission) on their *Improving Retail Service Quality: Switching Issues Paper* (the paper).

We support the Commission's approach as the ability to switch technologies and providers is essential. It is not that there ought to be a target percentage of consumers who should be switching¹, but rather the ability to easily and seamlessly switch providers and technologies underpins competitive tension in the market. Enabling ease of switch is a proportionate approach that supports contestability without imposing unnecessary regulatory burden on a sector that in general, functions efficiently.

When consumers can switch easily, RSPs are incentivised to:

- > price competitively,
- > improve service quality, and
- > innovate in areas such as plan features, bundling, or digital experiences.

For this reason, we believe the single most effective improvement that is likely to move the dial on the customer experience is the removal of the 30-day notice periods. We provide feedback to some of the Commission's proposed improvements in the remainder of this submission.

Communication and customer support is ultimately an RSP decision and a key differentiating factor

We would caution against prescriptive changes to customer communication that may undermine RSPs ability to tailor communications to their channel mix, brand, and service model. Flexibility in how customer information is delivered remains important to ensuring it is effective, relevant, and proportionate to the specific switching context. We consider our customer communications regarding switching across broadband and mobile to be clear and consistent.

In addition, as far as we know all RSPs have a provisioning team, and it should ultimately be an RSP's decision how they want to utilise these provisioning teams. Our frontline teams are well-equipped to handle the majority of customer queries without needing to escalate to the provisioning team. This approach ensures efficiency while maintaining direct customer support for common issues.

In our experience, the primary operational barrier with mobile porting arises not from the lack of customer support, but from the implementation of two-factor authentication (2FA) via the TCF's official SMS-based process.

As part of the work the Commission is undertaking in mobile switching, there could be an analysis of 2FA time out percentage (IE the 2-hour window for a customer to respond) to understand how effective this process is. 2FA is

¹ We strongly agree with the Commission's assessment that "There is no fixed proportion of the market that should be expected to switch. Consumers not switching RSP's is not necessarily a concern if those consumers are satisfied with their RSP and do not face significant barriers to switching." Issues paper pg 11.

valuable for scam prevention and customer identification but we would be interested in any alternative options or recommendations for gaining 2FA approval from a customer that may reduce the number of orders that are timing out. If there are alternative options or recommendations to the current process these should be adopted industry-wide to provide a smooth end user experience when porting between providers.

Improving SIM activation (including aligning activation with delivery) requires further consideration

We broadly agree with the Commission's views that current SIM card activation process reduces the options for mobile end-users during the switching process and there are challenges with activation of SIM cards at certain times during the porting process and we would welcome further discussion on this.

Yet a directive to improve the process, however that is ultimately measured, may prove challenging for some. As an MVNO we are limited in some aspects of the porting journey. We are required to submit the customer's request prior to their SIM card arriving. We make all reasonable efforts to ensure the customer is aware of the switch occurring, including a reminder text 24 hours prior to ensure they can contact us with enough time to delay or change the switch if the SIM card has not yet arrived.

We also enforce a minimum 7-day window between the SIM being ordered and the customer switching to allow for the SIM card to safely arrive prior to the switch occurring. There are dependencies with SIM activation and 2FA in mobile porting which we believe require further work.

Developing a "Porting Portal" is expected to be practically challenging for some RSPs

We support the Commission's view on the potential value of a porting portal to improve customer visibility and engagement during the mobile switching process. We would welcome further details as to whether the Porting Portal suggested improvement is at an industry level or at an RSP level. We also note that there are existing regulatory changes occurring in the mobile switching space.

While the concept of allowing consumers to track the progress of their switch would likely enhance consumer confidence, it is important to recognise the practical challenges involved in developing such a portal. As an in-app RSP specific feature, we expect that for smaller RSPs such as ourselves this will be a complex and resource-intensive process. Drawing on our experience with similar projects, such as the fibre install tracking functionality within our app, we anticipate that the integration of porting progress tracking would require substantial development effort and technical integration, for a relatively small improvement in customer experience, especially when removing notice periods is likely to be the most impactful change in the industry's current switching process.

Removing notice periods is a critical improvement that will move the dial on the customer experience

We are strongly supportive of the Commission's suggested improvement to remove notice periods for mobile and broadband. We agree with the Commission's assessment that *"Notice periods appear to be a significant driver of poor customer experiences and underly a number of the issues and root causes"*.²

It is essential this barrier to switching is removed. While we acknowledge that two voluntary industry codes govern the transfer of broadband services, we believe there ought to be improvements with respect to the application of notice periods. Notice periods create unnecessary complexity and uncertainty for consumers, particularly when they might result in overlapping billing or unexpected charges after a switch has been completed. This not only affects customer satisfaction but also undermines confidence in the switching process itself.

² Improving Retail Service Quality: Switching Issues Paper, Commerce Commission, pg 37



From an operational perspective, the removal of notice periods would simplify the switching journey for all technologies and reduce the administrative burden on both consumers and RSPs. It would also align with the principle that consumers should not be penalised when they exercise their right to switch providers. In our view, removing notice periods would promote a more dynamic and competitive market, where the focus remains on service quality.

We strongly support the Commission's proposal to address this important barrier and consider it a key step toward improving switching experiences and enhancing overall market efficiency.

Creating a new “One touch” Switching Process is a laudable end-state

We believe that the concept of a “One Touch” switching process is an interesting and potentially valuable initiative. From our understanding, the OneTouch switch would apply to both mobile and broadband technologies and we would consider this approach a valuable initiative. However, we consider that implementing this approach at this stage may present significant challenges, given the current state of switching processes and the varying levels of system readiness among RSPs. In addition to this, for a fixed line customer a switch may include the switch of a landline service **and** a broadband service which can create some additional complexities.

From a practical perspective, developing a “One Touch” process would require substantial changes to existing systems and unlikely to be a meaningful solution that can be developed in 12 months. As it stands, the porting process is largely automated once initiated, and any move to add a customer confirmation step would essentially duplicate the existing two-factor authentication (2FA) requirement. Since mobile end-users are already required to use 2FA to approve the switch, introducing an additional confirmation step would likely add unnecessary complexity and risk frustrating consumers rather than simplifying the process.

Overall, we consider it is important to acknowledge the diverse practices and approaches across different RSPs when assessing whether “One Touch” would deliver consistent end-user benefits.

A more pragmatic approach may involve allowing the industry time to enhance existing processes through, for example, Commission issued guidelines, and once foundational improvements have been embedded it may then be more feasible to explore the implementation of a “One Touch” model. We suggest that the Commission consider using a regulatory sandbox approach for future developments of a “OneTouch” model. This would allow for controlled testing of the process in a real-world environment, without immediately mandating a comprehensive shift across the sector.

Commission Guidelines would be useful in this instance

While there are existing processes in place via the TCF's voluntary codes, these are not always followed by all industry participants and can create issues for consumers. We are ultimately not convinced that voluntary commitments from RSPs will move the dial on switching issues. In addition to the 30-day notice period, we believe some principled Guidelines could provide clarity on switching issues, including those relating to activating a new port when there is already an existing broadband service at the property rather than confirming it should be treated as a transfer. While activating a second port could streamline the switching process, it could increase the likelihood of two active services at the same address, which could lead to double billing. Greater alignment is needed to ensure there is a consistent process for switching broadband customers.

Many of the switching issues outlined by the Commission are largely technical in nature and relate to underlying operational processes and system interactions.



We consider that a Commission Guideline, drafted with assistance from industry through a workshop or one-on-one engagements, is a suitable approach to provide consistency without increasing regulatory and compliance burden on a sector that in general, functions effectively.

We look forward to further opportunities for engagement with the Commission on the approach that should be taken to improve outcomes for end-users to enhance ease of switching mobile and broadband providers.

If you have any questions about this submission, please do not hesitate to contact me.

Yours sincerely,

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