



REPUBLIC OF LEBANON
TELECOMMUNICATIONS
REGULATORY AUTHORITY

**DECISION:
REGULATORY
FRAMEWORK FOR
ESTABLISHING
CALL CENTERS
IN LEBANON**

29 / 09 / 2008

- A. On the basis of the Telecommunication Law (Law 431/02), and Articles 1, 2 and 5 thereof in particular; and
- B. On the basis of Decree No 14264 dated March 4, 2005 (the Authority's administrative and financial regulation); and
- C. Further to the letter of the Minister of Telecommunications (the Minister) number 2167/1/M dated 25/08/2008 received by the Telecommunications Regulatory Authority of the Republic of Lebanon (the Authority) and registered under number TRA/266-008 in which the Minister requested clarification on the regulatory treatment of international call center services in the context of an economic development effort to attract international call centers to locate in Lebanon; and
- D. Following the consultation process launched by the Authority setting forth the Authority's consultation procedure, noting that a discussion of the comments submitted by interested persons during the consultation process is set forth in Annex C at the end of this Decision; and
- E. Further to the Authority's deliberations in its meeting held on 29/09/2008,

The Authority has adopted the following decision:

1. Introduction

- 1. At the request of the Minister of Telecommunications, in this Decision the Authority addresses the regulatory classification, and related regulatory implications, of Lebanon-based international call centers under the Telecommunications Law. This Decision concludes that the operation of both domestic and international call centers, and provision by them of call center services, as described herein and subject to the limitations set out herein, do not constitute Telecommunications Services as defined in the Telecommunication Law and therefore do not require a Service Provider License under the Telecommunications Law.
- 2. This Decision also concludes that such services may constitute Value Added Services in certain circumstances, and, to that extent, if provided by Telecommunications Service Providers with Significant Market Power, will be subject to any restrictions that the TRA may impose under Article 21 of the Telecommunications Law from time to time.
- 3. In addition, this Decision summarizes certain areas in which call center activities are generally regulated in other jurisdictions, and suggests the need to monitor these for potential abuses in Lebanon and the possible need for further legislation to address any deficiencies in regulatory oversight.
- 4. Finally, this Decision provides guidance to Service Providers on the regulatory environment applicable to their provision of Telecommunications Services to call centers and on compliance safeguards they should employ when doing business with call centers, noting that the TRA may in the future issue further decisions and regulations in this respect.

2. Background

2.1 Scope of the Telecommunications Law

5. The Telecommunications Law sets out its scope in Article 1 as follows:

The present Law regulates the Telecommunications Services sector in the Lebanese Territories and the rules for its transfer, or the transfer of its administration, in full or in part, to the private sector, including the role of the State in the telecommunications sector.

6. As part of the institutional framework of the telecommunications sector, the Telecommunications Law establishes the Authority in Article 4 and vests it with broad responsibilities and powers in Article 5 and elsewhere. Among those are the power “to take the necessary decisions and measures pursuant to the provisions of the present Law” and “to enforce the present Law within its prerogatives.” Article 5(1)(b) & (i).
7. A threshold responsibility is for the Authority to provide guidance to the telecommunications sector and the Minister on the scope of the Telecommunications Law.
8. The Telecommunications Law addresses the licensing and regulation of providers of Telecommunications Services and users of Radio Frequency Spectrum, the formation and privatization of Liban Telecom and to acquire certain State-owned telecommunications assets, and the organization and operation of the public sector regulatory bodies, particularly the Ministry of Telecommunications and the Telecommunications Regulatory Authority.

2.2 Scope of the Law in the Context of Call Centers

9. This Decision focuses on delineating the scope of the Law as it applies to the licensing and regulation of providers of Telecommunications Services in the context of call centers. This initially requires a review of specific definitions set out in Article 2 of the Telecommunications Law:

2.2.1 Relevant Definitions in Law 431/02

10. “Telecommunications Services”: The transmission and/or routing of Information by wires, radio signals, optical means, electromagnetic systems or any other method, as well as providing the necessary infrastructure for that purpose.
11. “Information”: Symbols, signs, signals, writings, sounds or any other type of data.
12. “Customer” or “Subscriber”: A Person who receives Telecommunications Services and pays the corresponding fees for a certain period of time by virtue of an agreement, that he enters into or accepts the terms thereof, set forth by a Service Provider.

13. "User": Any Person using a Telecommunications Service, whether or not he pays for such a service.
14. "Service Provider": A Person who provides, directly or indirectly, Telecommunications Services.
15. "License": An authorization granted by the TRA to provide Telecommunications Services and/or the use of Radio Frequency Spectrum.
16. "Value Added Services": Services characterized by:
 - a) Adaptation in the form, content, code, protocol or any other representation of the data transmitted by a Subscriber or User through the telecommunications Network without changing their content;
 - b) Provision of data to a User or Customer including re-composition of data transmitted by them; or
 - c) Provision of stored data for interaction with a User or a Customer.

2.2.2 The Authority's Role in establishing definitions

17. Article 2 of the Law also confirms the Authority's role in establishing and clarifying definitions and scope, within the bounds established by the Telecommunications Law, in the following concluding paragraph:
18. Any word or group of words not defined under the present Law shall be interpreted according to definitions adopted or to be adopted by the TRA based *inter alia* on international telecommunications treaties to which Lebanon is a party, as well as on other definitions provided by the International Telecommunications Union.

2.2.3 Scope of Licensing

19. Excluding users of Radio Frequency Spectrum, the Telecommunications Law clearly limits its scope by way of licensing to providers of Telecommunications Services. Article 19 is focused solely on the licensing of Telecommunications Services and no other types of services. In addition, the term Value Added Services is only used in Article 21, which provides as follows:
20. The TRA shall not impose any restrictions on the provision of Value Added Services. However, the TRA may restrict the rights of any Service Provider with Significant Market Power from providing such services by imposing restrictions related to rules of organization, tariffs and accounting, or by way of any other precautionary measure consistent with the provisions of the present Law.

2.2.4 Scope of Telecommunications Services under the Law

21. Among other things, in the context of call centers' services, this Decision explores and clarifies the boundaries between what are and what are not Telecommunications Services as defined in the Telecommunication Law and

who is and who is not a Service Provider within the meaning of the Telecommunications Law.

3. Description of Call Centers and Call Center Services

22. This section provides a summary description of the range of call center services commonly offered and the range of Telecommunications Services ordinarily provided to support the operation of call centers. Although this Decision addresses the Minister's inquiry about international call centers, the Authority observes that the regulatory classification and regulatory implications of a call center operating in Lebanon are similar whether it operates domestically, internationally or both, except with respect to safeguards to prevent circumvention of international voice service tariffs that are highlighted below. Unless otherwise specified, reference to "call centers" and "call center services," in the remainder of this Decision refer to such centers or services whether operating domestically, internationally or both.

3.1 Types of Call Center Services Commonly Offered

23. A typical call center can either be operated in-house by an enterprise or can be outsourced to another enterprise. In either case, this Decision refers to the enterprise served by the call center as the "call center client," the enterprise operating the call center as the "call center operator," the persons making contact with the call center (whether by voice or other means) as "callers" and the persons contacted by the call center as "call recipients."
24. To provide an example, a large consumer software vendor or major credit card issuer might establish call centers in Lebanon that are owned and operated by their wholly owned subsidiaries. On the other hand, a call center operator whose primary business is to own and operate call centers might establish a call center in Lebanon to serve multiple call center clients, including for example consumer software vendors and credit card issuers.
25. A call center may be able to handle either inbound or outbound calls or communications, although some call centers specialize in one or the other type of communication. In any case, the types of services offered and the technology and facilities required can vary quite widely from one call center client to the next.

3.1.1 Inbound Calls

26. A call center focused on inbound communications is typically set up to field inquiries from callers on behalf of the call center client. These may take the form of voice calls with live operators, voice calls with interactive voice response systems, live chat on the web, email, web site inquiries, or a combination.
27. Inbound call tasks that can be performed include:
- a) Remote reception – The call center operator handles normal receptionist tasks for the call center client, such as receiving and delivering messages, providing callers with general company and product information, and booking appointments.

- b) Catalog order entry – The call center operator acts as the order desk for callers who rely on direct response sales and marketing. Customer service representatives use response-driven scripted programs to take telephone sales orders.
- c) Booking – The call center provides direct response for call center clients when callers respond to an advertised telephone number for contest entry, seminar registration, information fulfillment or market research. Customer service representatives use scripted templates to record required information.
- d) Customer service and support – These may include for example inquiries about credit card accounts, insurance policy accounts and claims, airline, hotel and rental car bookings and reservations.
- e) Help desk – The call center provides telephone-based product support. This could include such things as installation, trouble-shooting and the like.
- f) Disaster recovery/emergency response – The call center serves as the first level of response for callers who are customers of call center clients who have guaranteed their customers a maximum response time in case of service disruption or equipment malfunction. Customer service representatives initially screen calls to determine the level of action required and direct the call to the appropriately authorized or qualified person to deal with it according to the level of authority or expertise required to ensure the client meets or exceeds the guaranteed response time. Detailed call reports are provided to the client on a daily basis.

3.1.2 Outbound Calls

28. Outbound calls are typically live and can be served up to agents employed by the call center operator on a just-in-time basis using predictive dialers. Outbound call tasks that can be performed might include:
- a) Telephone solicitations – sales calls that can be made as cold calls to everyone on a prospect list, to every possible phone number combination in a given exchange area or area code, or to persons with whom an active dialogue has already been initiated about the subject matter of the call. Telephone solicitation may also include solicitation of charitable donations or other non-profit purposes.
 - b) Courtesy calls – for example, to notify the call recipient of the cancellation or change of time of an airline flight.
 - c) Informational calls – for example, an insurer calling its insureds to notify them of coverage changes and similar matters.

3.2 Telecommunications Services Required for Call Centers

29. Modern call centers often combine sophisticated hardware, software and network architecture to improve the range and quality of services available while keeping costs low and maintaining efficiency.
30. Virtually every call center requires connectivity between its live agents and the Public Telecommunications Network in order to make outbound calls or receive inbound calls. Most also require connectivity to the Internet or dedicated data connectivity to the call center client's data storage site in order to allow call center agents to access, retrieve, update and save transactional and other records during their calls or communications sessions with callers.
31. In some cases, an incoming call will initially be routed to a centralized interactive voice response (IVR) system maintained by or on behalf of the call center client. Certain callers will have their calls handed off to the call center where they will be answered by a live operator if those calls meet the prerequisites for the call center to handle the call (which is usually ascertained from the responses keyed in or spoken during the caller's initial interaction with the IVR system). During this process, the caller may initially have his or her call routed to and answered by a computer in one location, then handed off in real time to a live agent, who may be in the same or another location, possibly even thousands of miles away. Similarly, a call center agent may during a call hand it off to the call center client or another designated call center where the subject of the call escalates beyond authority or ability of the transferring call center to handle it. In the case of call centers serving non-Lebanese call center clients, the handoff will be to the call center client abroad. Where the call center client is located in Lebanon, the call center operator may have to call the call center client using the Public Telecommunications Network or a private leased circuit. We address regulatory treatment of this aspect of call center activities below.
32. The equipment will also usually hand off or serve up a data connection to the call center agent at the same time the call is handed off so that the agent is more readily prepared to handle the caller's inquiry. This process is designed to squeeze the maximum number of successful caller/call center transactions from the fewest number of call center agents during the shortest possible period of time. If it runs smoothly, the callers are usually happier too. However, when the equipment is not working well or the number of calls exceeds the number of available live agents, then the process can be frustrating, with delays and other hiccups.
33. For outbound calls, call centers often use predictive dialing systems intended to serve up calls just in time for handling by call center agents. Again, the goal is maximum efficiency, and, if the system fails, the downside is frustrated call recipients. Other outbound call technology includes prerecorded calls and automated/interactive calls in which the call recipient is able to navigate and respond to prerecorded or automated messages and, in some cases, even connect to a live call center agent.

34. Other technology includes web-enabled call center applications, and integrated voice and data applications.
35. Sometimes the call center operator requires the call center client to contract directly with all Service Providers for provision of the transport of Telecommunications to and from the call center operator's premises. Other times, it acquires such services in its own name as part of general overhead or on a cost-plus basis.
36. Some call center clients provide toll-free dial-in numbers in designated calling areas. They pay a premium on their inbound service connectivity in order to reduce the charges paid by their callers. In other cases, call center clients do not provide a toll free number, so callers must pay the customary rates for making the inbound calls. In still other cases, call center clients may provide for a toll charge or premium charge on the inbound phone number. In the latter situation, the premium paid by the caller may be used to cover or defray the cost of the service provided by the call center client through the call center.
37. Another phenomenon is the distribution of call center agents, which allows agents to work from home or otherwise telecommute, creating a virtual call center. This creates increased employment opportunities for homebound persons and reduces overhead for call center operators. These cost savings and work force improvements can be passed through to call center clients in the form of lower charges and improved workforce quality and attitudes. However, such an approach may present challenges for implementing and policing the international voice call tariff non-circumvention measures discussed below.
38. Finally, call centers are increasingly employing various alternative forms of communication to traditional voice communications.

4. Regulatory Analysis

4.1 Treatment of Call Centers and Call Center Services under the Telecommunications Law

39. The operation of a call center inherently involves Telecommunications Services. As already noted, it typically involves a direct or indirect voice connection to the Public Telecommunications Network and a data connection to the call center client and/or callers using either the Internet and/or a dedicated data transport line (which may be un-switched, packet-switched or circuit-switched).
40. This Decision answers two threshold questions:
 - a) At what physical point in the process do the services provided to participants cease to constitute Telecommunications Services as defined in the Telecommunication Law?and
 - b) Who is the Service Provider of those services that do constitute Telecommunications Services?

41. The TRA finds that the demarcation point between provision of transport-related Telecommunications Services requiring licensing and the provision of other services not constituting Telecommunications Services is the interconnection point between the external Network and the call center operator's customer premises equipment and wiring. The operator of the external Network is a Service Provider of Telecommunications Services, whereas, absent other factors, the call center operator is not a Service Provider based solely on the fact of operating a call center. The call center operator's use of customer premises equipment, wiring and software do not alone amount to the provision of Telecommunications Services provided their use is merely incidental to the operation of the call center.
42. This Decision assumes the external Network provider and the call center operator are unrelated persons. Where they are the same or affiliated persons, the demarcation point between what is and what is not Telecommunications Services may be different and the requirement or non-requirement of a license may be different.
43. Where the call center operator owns or leases transport capacity between its premises and a remote location where it interconnects with the external Network, this dedicated transport does not constitute the provision of Telecommunications Services as defined in the Telecommunication Law regardless of:
 - a) whether the cost is included in general overhead or re-billed to the call center client as a separate line item, at cost or cost plus, so long as the other conditions discussed below are met, and
 - b) whether callers use toll free, normal charge or premium charge numbers.
44. However, the owner/operator of these transport facilities is a Service Provider of Telecommunications Services and will need due authorization to provide such Telecommunications Services, and will be subject to regulation as a Service Provider, under the Telecommunications Law.
45. This Decision assumes the call center operator originates all outbound calls and terminates all inbound calls in its call center facilities and does not relay, switch, route or connect such calls to third parties (except in connection with handoffs relating to the operation of the call center as discussed below). If a call center operator knowingly engaged in such activities without an applicable License, such call center operator's conduct would be unlawful and subject to enforcement measures by the Authority, particularly where such use circumvents the international voice service tariffs by routing traffic through a more favorable tariff provided for call centers.
46. Handoffs of voice and/or data connections or communications in the operation of a call handling hierarchy established by or for the call center client, such as handing off to the call center client an incoming call that requires information or a decision outside the available resources or scope of authority of the call center, will generally not constitute Telecommunications Services / will not require a Service Provider license provided such actions are incidental to the operation of

- the call center and not merely an interim step to enable callers to be connected with third parties via the call center as a switching facility.
47. Some call center services clearly constitute Value Added Services (such as inbound call interactive voice response systems that allow callers to navigate to and retrieve requested information without connecting to a live operator) while others clearly do not (such as outbound telemarketing calls conducted by live operators) and still others are more difficult to classify. If and when necessary or useful, the Authority will develop a fuller record on this topic in a separate proceeding in order to provide guidance to interested persons.
 48. A call center operator is a Customer or User of Telecommunications Services offered by the Network provider, but as described in this Decision is not a provider of Telecommunications Services. The call center operator uses Telecommunications Services to send its own communications and to receive those sent by others. In other words, it is by definition always a direct participant in the communications, whether on its own behalf as a principal or on behalf of others as an agent.
 49. On the basis of the foregoing and subject to the limitations set forth herein, the Authority concludes that call center services as described in this Decision are not in themselves Telecommunications Services as defined in the Telecommunication Law and that call center operators do not require a Service Provider License to offer and provide such services.

4.2 Provision of Telecommunications Services to Call Centers under the Telecommunications Law

50. Service Providers may provide Telecommunications Services to call center operators provided that such services are authorized under their Service Provider License or other authorization to provide Telecommunications Services. In this capacity, all Service Providers must comply with the applicable terms and conditions of the Telecommunications Law.
51. Currently, and until the establishment and privatization of Liban Telecom under the Telecommunications Law, the primary Service Provider in a position to provide Telecommunications Services to international call centers in Lebanon is the Republic of Lebanon, represented by the Ministry of Telecommunications, with its Network administered by OGERO. General guidance to OGERO and Service Providers is provided in Annex A attached to this Decision, which Annex forms an integral part of this Decision.

4.3 Regulation of Call Centers in Other Jurisdictions

52. The Authority's findings and conclusions on other aspects of call centers and call center services that may merit monitoring and regulation are set forth in Annex B attached to this Decision and forming an integral part of it.

5. Impact and Effectiveness of Decision

53. This Decision is a binding document that sets forth official findings and conclusions of the Authority. It is subject to the procedures for review of our Decisions set forth in Article 14 of the Telecommunications Law. It may also be reviewed, amended, supplemented, superseded or withdrawn by the Authority on the Authority's own initiative from time to time or following further consultation. The Authority may undertake such actions periodically as it deems necessary in light of market developments, legal and regulatory changes or other factors.
54. This Decision will be posted on the Authority's web site and will enter into effect on the date of its publication in the Official Gazette

Beirut, 29 September 2008

Signed: Kamal Shehadi

Chairman and CEO

For and by authority of the Telecommunications Regulatory Authority

ANNEX A
Guidance for OGERO and Service Providers to Call Centers

55. In keeping with the general principles of non-discrimination reflected in the Telecommunications Law and the Lebanese Constitution, the relevant Telecommunications Services should be offered on a non-discriminatory basis. While low tariffs for call center traffic might be desirable in order to attract such investment, a reasoned justification is required for any difference between the tariff for such Telecommunications Services and any similar or comparable Telecommunications Services offered to a different class of Customers, such as Internet Service Providers (ISPs).
56. Nothing in the Telecommunications Law or otherwise prohibits the Republic of Lebanon from offering Telecommunications Services to call center operators and/or call center clients that employ Voice over Internet Protocol (VoIP) for the transport of inbound calls to Lebanon and outbound calls from Lebanon. Nothing prevents the Republic of Lebanon from using the same or similar tariffs as it currently uses in provision of data transport services for ISPs. This approach may help address the non-discrimination issues raised above.
57. To ensure that it does not contribute to non-compliance with the Telecommunications Law, the Republic of Lebanon and OGERO should establish and employ non-circumvention safeguards to ensure that call center operators do not unlawfully re-sell such services to circumvent the restrictions on provision of Telecommunications Services. Such safeguards would include:
- a) prohibiting the call center operator from terminating international calls in Lebanon other than to the call center itself (or the limited handoff to any call center client in Lebanon within the limitations described in the Decision), and from routing outbound international calls from Lebanon;
 - b) requiring the call center operator to provide regular reporting of its incoming and outgoing call traffic (including any handoff to any call center client in Lebanon as described in the Decision) in order to evidence compliance with condition (a) above;
 - c) requiring the call center operator to certify that it is using the Telecommunications Services solely to operate a call center and to conduct call center business and to undertake not to resell, exchange or otherwise make such Telecommunications Services available to third parties;
 - d) providing for effective penalties for violations by the call center operator of the foregoing conditions; and
 - e) monitoring traffic carried to and from the call center operator on any international private leased circuit or by the Public Telecommunications Network and mobile networks in order to verify compliance with the foregoing conditions.

58. An expansion of international capacity may be required to induce and accommodate the increased demand anticipated as a result of the Minister's initiative to attract international call centers.

ANNEX B
Brief Observations on Call Center Regulations Internationally

59. Experience in most jurisdictions suggests that call centers may merit some limited regulation, even if not under the Telecommunications Law, particularly in the following areas:
60. All call centers that handle personal data of callers and business data of clients should follow international best practices in privacy, personal data and intellectual property protection and information security, cooperation with law enforcement, and may in some cases be legally obliged to do so under Lebanese or other applicable law.
61. Call centers that handle inbound calls should be held to reasonable service levels by their call center clients, and should be required to disclose anticipated or average waiting times for inbound calls (which may be done by automated voice) so that callers can assess whether to spend additional time, and possibly additional call charges, holding for an answer. This concern may merit regulatory intervention if abuses or neglect occur.
62. Call centers that handle outbound calls should be held to standards of respect to call recipients. Predictive dialing should be regulated to reduce and mitigate the incidence of hang ups, abandoned calls and/or dead time that occur when automated dialing systems or predictive dialers used by call centers generate more calls than the available agents are able to handle. One approach is to require the call center to play a pre-recorded message to the called party, including information about the calling party, if a live agent is not available when the call is answered. Another approach is to regulate the maximum time to connect a call to a live operator or automated message, thereby forcing call center operators to be less aggressive in adjusting the call rates on their predictive dialers.
63. Some jurisdictions are also regulating the use of pre-recorded messages on outbound calls, the time of day on which calls can be made, and other similar limitations. They also impose prohibitions or restrictions on telemarketing, spam and junk faxes, with certain exceptions such as where the call center client and call recipient have an existing business relationship or express consent has been obtained to make the call or to send the fax or email. Some regulators also require contact information for the call center client to be included in the message, and regulate the blocking or manipulation of telephone caller identification information or email reply addresses to prevent the call recipient from ascertaining the identity of the calling party.
64. If the Government succeeds in its efforts to attract call center investment to Lebanon, then these regulatory safeguards may need to be added to the existing legal and regulatory provisions to increase public trust in Lebanon and ensure its international reputation in this market.