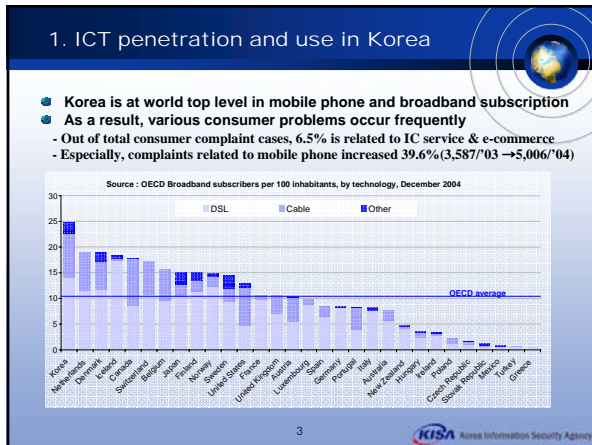


### Overview of presentation

1. ICT penetration and use in Korea
2. Main consumer problems in IC environment
  - 2-1. Consumer complaints in e-Commerce
  - 2-2. Consumer complaints in IC service
  - 2-3. Consumer privacy infringements in IC service
3. Measures for consumer protection in IC service
  - 3-1. Laws and Regulations
  - 3-2. Agencies with consumer protection responsibilities
  - 3-3. Consultation, redress & mediation bodies
  - 3-4. Self-regulation
4. International Cooperation

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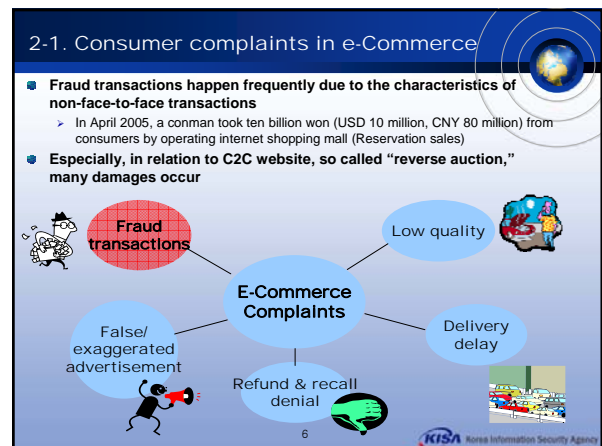
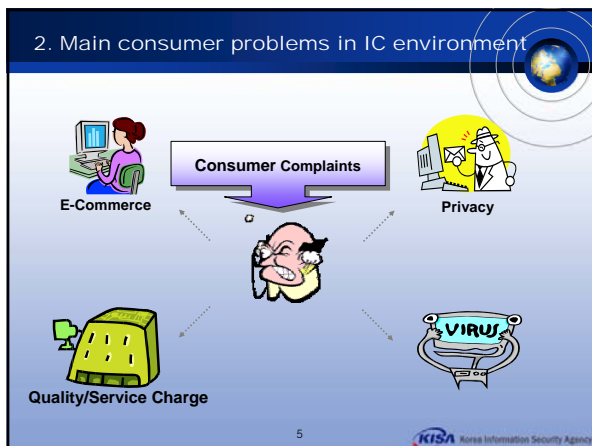


### 1. ICT penetration and use in Korea (continued)

- Main ICT Penetration and Use (CY 2004)

PC possession of households	77.8%
Internet Access of households	86.0%
- Through wire	72.2%
- Through wireless	81.9%
Internet using time per one day	Weekdays : 2.6hr Weekend : 3.2hr
E-mail possession of total population	86.7%
Personal website possession of total population	23.3%
Internet shopping users	47.3%
Internet banking users	31.6%
Internet stock trade users	58.2%
Broadband internet subscriptions of total population	24.79%
Mobile phone possession of total population	76.09%

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### 2-2. Consumer complaints in IC service

- Traditionally, most of complaints about service charge but recently about speed, connection failure & communication jam
- Especially, in case of home PCs, virus/vicious code/bot are the main problems of communication jam

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### 2-3. Consumer privacy infringements in IC service

- Due to the digitalization & DB development of personal information, privacy surveillance by businesses becomes a big social problem
- The advent of the period of "Personal Surveillance by a Person" because of high pixel camera-phone penetration (Ex ; "Dog Poop Girl" case)

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### 3. Measures for consumer protection in IC service

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### 3-1. Laws & Regulations

Consumer Protection in E-Commerce, etc. Act	Telecommunications Business Act
<ul style="list-style-type: none"> <li>Reporting system of e-commerce/ telemarketing to local gov'ts</li> <li>Prohibiting wrong or exaggerated information/advertisement</li> <li>Online distributors (Portals) take co-responsibility with sellers on damages</li> <li>Consumers can withdraw transactions without any condition within 7 days</li> <li>Operation of program to strike "Consumer Damage Compensation Insurance Contract"</li> <li>Developing the system to register phone number, fax number, e-mail address, etc. of people who do not want receive spam</li> <li>Considering the introduction of "Escrow Program" to ensure fulfill an agreement</li> </ul>	<ul style="list-style-type: none"> <li>A telecommunications service provider has duty to provide Universal Service</li> <li>Prohibiting denial of telecommunications service provision without justifiable causes</li> <li>A service provider should report its stipulation (contract closed) to or obtain authorization from MIC</li> <li>MIC may order the alteration of the stipulation if it is unfair or significantly unreasonable</li> <li>A service provider shall not divulge any information concerning an individual user which has been obtained due to a provision of service</li> <li>Prohibition of distributing obscene/ slandering/fear-inducing information</li> <li>Obligation of confirming the age of the user before providing information harmful to the juveniles</li> <li>Introduction of "Mobility of Numbers" system (A user can change his service provider without changing his phone number)</li> <li>Duty to provide callers' phone numbers (Opt-out)</li> </ul>

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### 3-1. Laws & Regulations (continued)

The Act on Digital Divide Settlement	The Act on Promotion of Information & Communication Network Utilization and Information Protection, etc.
<ul style="list-style-type: none"> <li>Guarantee of rights to use IC service of the handicapped and the elders</li> <li>Support to develop ICT and software for the handicapped and the elders</li> <li>Support to develop and provide contents for the handicapped/the elders/farmers and fishermen/low-incomers</li> <li>Providing IC terminals free or at a low price to the handicapped/the elders/farmers and fishermen/low-incomers</li> <li>Free education for the handicapped/the elders/low-incomers/housewives</li> <li>Free use of IC facilities of the Gov't/local gov'ts/public agencies</li> <li>Establishment and operation of IC facilities to support IC education</li> </ul>	<ul style="list-style-type: none"> <li>Prohibiting attack &amp; invasion of IC facilities</li> <li>Safety check of major IC facilities</li> <li>Duty to report Internet incidents</li> <li>Development of "Security Guideline" with which IC service provider should comply</li> <li>Development of "Security Guidebook" consumers should follow</li> <li>Regulations on Spam               <ul style="list-style-type: none"> <li>Phone, fax, mobile phone spam : opt-in</li> <li>e-mail spam : opt-out</li> </ul> </li> <li>Prohibition of installation of advertising program for the purpose of profit</li> <li>Prohibition of collecting e-mail addresses from websites without permission</li> <li>Duty of IC service providers to delete illegal information</li> <li>Prohibition of advertisement harmful to the juveniles</li> </ul>

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### 3-2. Agencies with consumer protection responsibilities

Name	Major activities
Ministry of Information and Communication (MIC)	Execution of Telecommunications Business Act, The Act on Promotion of Information & Communication Network Utilization and Information Protection, etc., The Act on Digital Divide Settlement and other diverse acts
Cyber Terror Response Center (National Police Agency)	Investigation on Cyber defamation, cyber fraud, Phishing, etc
Korea Communications Commission (KCC)	Arbitrating disputes between users(consumers) and carriers
Korea Fair Trade Commission (KFTC)	Execution of Consumer Protection in Electronic Commerce, etc. Act, Adhesion Contract Act (Stipulation Act), etc.
Korea Information Security Agency (KISA)	Operating Korea Internet Security Center (KISC, Cyber118) Virus alert and Internet incidents response, etc. Operating Spam Response Center Receives and deals with illegal spams Public relations and educations on cyber security & information protection
Korea Consumer Protection Board (CPB)	Monitoring and analysis about business practice of mail-order sale, telemarketing, e-commerce Monitoring and analysis on price structure and quality of IC terminals and service Gathering and providing information regarding IC terminals and service to consumer
Information Communication Ethics Committee (ICEC)	Operating Illegal Harmful Information Center(Internet119) Contents harmful to the youth, Cyber defamation of character and Cyber violence, etc.

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### 3-3. Consultation, redress & mediation bodies

#### Characteristics of ADR in Korea

- Most ADR providers are operated by or under the influence of the Korean Gov't. rather than by consumer groups or business groups
- No compulsory power but high success rate of mediation and high recognition among consumers and businesses
  - Every year several hundreds of thousands of cases are dealt with by diverse ADR providers
- Free of charge not only for consumers but also for businesses

#### ADR providers

Name	Scope of Mediation and Major activities
Consumer Dispute Mediation Committee	Consultation and dispute mediation regarding E-Commerce, Telecommunications service, IC terminals, etc.
E-commerce Dispute Mediation Committee	Consultation and dispute mediation regarding E-Commerce
Personal Information Dispute Mediation Committee	Consultation and Dispute mediation related to personal information & privacy infringements
Consumer groups	<ul style="list-style-type: none"> <li>About 150 consumer consultation centers to deal with consumer complaints including e-commerce, etc.</li> <li>Jointly Operating "Self Dispute Mediation Committee"</li> </ul>

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### 3-3. Consultation, redress & mediation bodies (continued)

#### Process of ADR

Receipt	Internet, e-mail, phone, fax, mail, personal visit, etc.
Notifying receipt	Notify the concerned parties by Internet, e-mail, mail, etc.
Hearing/opinion	The concerned parties have full opportunities to present their opinions
Recommendation of mutual agreement prior to mediation	Suggest to reach a mutual agreement voluntarily between consumers and businesses
Fact-finding	If concerned parties do not reach the mutual agreement, ADR providers start to conduct fact-finding activities through data submitting request
Mediation decision	Based on the facts collected, ADR providers bring the final mediation decision up and send it to the concerned parties

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### 3-3. Consultation, redress & mediation bodies (continued)

#### Method of ADR

- Full opportunities for concerned parties to present opinions by Internet, e-mail, telephone, fax, mail, visit, etc.
- Online (video, tele & chatting) and offline meetings are held if needed (Closed meetings for privacy protection)
- Duration of ADR is generally within 30 ~ 60 days

#### Effect of Mediation

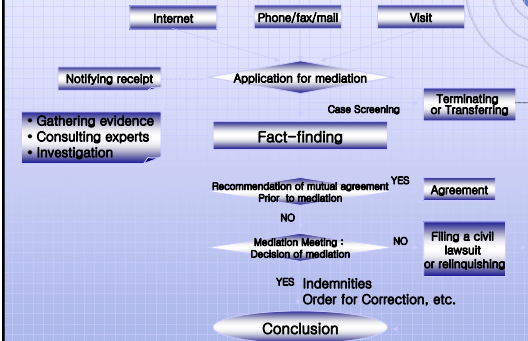
- If both parties do not show denial to the mediation plan within 15 days, mediation has effect equivalent to consent decree (final judicial decision) or reconciliation contract in a civil law
  - In case of consent decree, possible for compulsory execution without a decision of the court
- If one party do show denial to the mediation plan within 15 days, the mediation fails
  - Either party concerned is eligible to file a lawsuit

#### Guarantee of professionalism and independency

- Members should meet suitable qualifications which are prescribed in law
- Members' status should be ensured during their term provided in law

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### Flowchart of Dispute Mediation (PICO)



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### 3-4. Self-regulation

#### Operation of Consumer Complaints Center

- Most businesses have their inside divisions with consumer protection responsibilities
- Appointment of Chief Privacy Officer, Youth Protection Officer, Consumer Protection Officer, etc.

#### Consumer and Business Education

- Education for consumers including Youth, Housewives and the aged
- Education for managers/employees of businesses and teachers

#### Adopting Best Practice/Model privacy policy/Code of ethics, etc.

- Joint development among businesses or between business groups and consumer groups

#### Introduction of Internet trust marks

- ePrivacy Mark : Personal information protection mark operated by KAIT
- i-Safe Mark : Internet site safe mark operated by KAIT
- eTrust Mark : Consumer protection and PI protection mark operated by KIEC

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### 4. International Cooperation

#### Dealing with cross-border e-Commerce complaints

- Participation in the international cooperation project operated jointly by 19 countries such as U.S., Canada, Australia, Mexico, etc. (<http://www.econsumer.gov>)
- Cross-border information-sharing
- Cross-border recovery of consumer redress

#### International cooperation for coping with Spam

- Seoul-Melbourne MOU for SPAM (Apr 2005)
  - 10 countries located in Asia-Pacific area including Korea, Australia, China, Japan are participated
- Participation in "London Action Plan" (Oct 2004)
  - Spam-response agencies and businesses from 20 countries including U.S., U.K., Korea, etc. are participated
- Held OECD Workshop on Spam (Sep 2004) and participation in other activities of APEC & ITU

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#### 4. International Cooperation (continued)



##### • **Activities for Privacy Protection**

- Official Member of ICDDPC (International Conference of Data Protection & Privacy Commissioners) : Admitted in Sep 2004
- Participation in developing "APEC Privacy Framework"