

Mobile billing goes nuts, but consumers can fight back

 By [Rob Lith](#)

29 Jul 2014

Notice anything funny about your cellular bill lately? If so, you may have been blind-sided by prevailing mobile data trends.

Same service, much more money

The first thing many consumers have been noticing is a significant increase in their monthly bills. The cause, in many cases, is an underlying shift in operators' business focus, from voice to data.

This, in turn, is in part the result of a drop in voice communications, due to the widespread use of over-the-top (OTT) messaging and voice applications such as Viber, Skype, Whatsapp and even Twitter.

Another reason is diminishing voice margin. Between 2010 and April 2014, the communications regulator forced down cellular voice tariffs by lowering the interconnect rate (the price per minute that mobile operators pay each other to terminate voice calls), from R1.25 to 20c. As a result, voice revenue can no longer sustain mobile operator profits (Vodacom reports having lost R400 million in three months to the plummeting interconnect rate), and so operators are looking to data to maintain the lifestyles they've become accustomed to.

OOB

In response to dwindling voice revenue, data prices are going ballistic.

In the case of Cell C, out of bundle (OOB) data rates increased in May, from a standard 15c per megabyte for all data to 99c/MB for OOB data- a jaw-dropping 560%! Since then the company has taken to warning its subscribers when they are about to run out of bundle, but the upside is getting the same service at a much, MUCH higher cost. (In fairness, it should be mentioned that both MTN and Cell C dropped voice call rates recently, but all eyes should now be on the data game.)

Roaming

Roaming is another way for operators to focus on charging more for data and subscribers to run up a heart-stopping bill.

On a recent trip to Europe roaming charges would have been R17/MB if I had not opted for a roaming saver plan of only R30 per day + R2/MB for data use (100MB in a day could have cost R1700 instead of R230). The networks are justifying exorbitant roaming charges by saying overseas operators add their charges on top of roaming tariffs, but the disparity between the charges is simply too great for this to hold water.

I've also noticed that some European roaming plans offer a price per quantity of data and number of voice minutes, but on more expensive packages the data allocation increase does not proportionally match the increase in voice minutes. In fact, it is invariably significantly less.

Telkom

Fixed-line operator Telkom approaches the data opportunity by loading data products with voice minutes. More often than not, these minutes remain unused.

For example, the price of an analogue business line from Telkom has just gone up from R189 to R209/month (excluding VAT). Included in the price is 100 voice minutes. But analogue lines are widely used by small businesses for ADSL broadband, which means they often do not use the voice minutes.

The problem is that Telkom will not offer 'naked ADSL' lines, meant solely for data use. And therein lies the trap.

What can you do?

What is a customer to do? It's obvious - use an OTT application like Skype or an alternative network provider such as Connection Telecom, which offers smartphone-based softphone apps over any wireless data connection, such as WiFi.

Fairly ubiquitous in malls, airports, hotels, coffee shops, lobbies and even private homes, low-cost WiFi may yet lead to a degree of consumer backlash.

Neotel is already rolling out WiFi to municipal buildings, allowing the City of Cape Town to offer Internet access backhauled over fibre links to the public. AlwaysOn offers WiFi hotspots in public spaces, and MWEB offers its subscribers the opportunity to allow guest access to their connection on a cheap data plan. Various alternative network providers are rolling out WiFi as a consumer option for their business customers.

Network response

Network operators are between a rock and a hard place. Consumers have more bargaining power than ever, and are refusing to tie themselves into 24-month contracts with high per-minute charges when Voice over IP-based OTT voice applications and cheaper smartphones are a reality today.

Operators have threatened to stifle OTT providers by charging more for voice data over their networks, and some have hinted darkly at "unlicensed" OTT providers. But in reality, change is coming thick and fast.

ABOUT ROB LITH

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