

# International Mobile Roaming – what to do about “bill shock”

WHEN THE INTERNATIONAL TELECOMMUNICATION REGULATIONS (ITRs) were agreed in 1988, mobile phones were a rarity, and such devices as mobile tablet computers were just a dream. The regulations developed to deal with international connections through fixed lines were created when time, distance and location were used to determine the price of a phone call. Now, though, we live in a world of mobile connectivity that uses the Internet as well as traditional networks, and sends videos alongside voice. The question is, can we also achieve something closer to a borderless world when it comes to the management and pricing of that connectivity? In other words, will we be able to “roam” on our mobiles from country to country, simply, easily and without experiencing “bill shock”?

Improved international cooperation is needed to achieve effective solutions to these challenges and make bill shock a thing of the past. As it meets in December 2012 to consider revising the ITRs, the World Conference on International Telecommunications (WCIT-12) is where such cooperation could be strengthened.

## THE PROBLEM OF PRICES

Today, there are well over six billion mobile cellular subscriptions worldwide (including more than a billion for smartphones).<sup>1</sup> When using a mobile phone or computer abroad, customers are generally connecting to a patchwork of national networks that are pieced together in partnerships among providers of mobile phone services in different countries. But the prices of these international connections (especially for data transmission) are usually much more than what is charged for the same service within a country, and some studies suggest they are higher than the actual costs involved. Added to this, consumers do not normally have much of a choice about which network they join when abroad, and they rarely select a home network on the basis of what they might end up paying for roaming.

Another factor is the sophistication of new devices. As well as letting you make voice calls, smartphones connect to the Internet for sending emails, accessing websites, uploading or downloading images, and much more. But the exchange of data traffic (notably video) is often more expensive than many users realize. Added to this, some users might not understand that their complex device could automatically connect to the Internet unless that option is switched off. Without noticing, they can run up very high bills when making online connections through a service provider outside their home country. People living close to national borders might even find that their phone has connected automatically to a foreign wireless network, although they have not crossed the frontier.

## ORGANIZATIONS STATE THEIR CASE

This is not only distressing for individual consumers; it could also be considered a barrier to international business and trade. The World Trade Organization is studying the matter, and has noted that pricing of telecommunications is an important signal to which authorities should pay attention when determining whether anti-competitive practices are affecting a market.<sup>2</sup>

The OECD too has examined the issue, and its Council adopted a Recommendation in February 2012.<sup>3</sup> It puts forward a non-binding set of measures that countries should consider, including the

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promotion of price awareness and greater transparency, as well as regulation of wholesale and retail prices for mobile roaming.

In ITU, Study Group 3 of the Telecommunication Standardization Sector (ITU-T) has drafted a Recommendation on mobile roaming rates that will be proposed for approval in September 2012. A summary of the group's work has been submitted to WTO. The draft says that ITU Member States "should explore ways to protect and empower consumers in determining their best choices among the array of options available to them in the rapidly evolving mobile marketplace." This can be achieved through, for example, making information on international mobile services clearer and more transparent, and making it easier for consumers to choose a network abroad that offers the best value. In addition, alerts can be sent to consumers when they approach a certain cost limit for roaming, with a block placed on further usage unless a consumer authorizes it. Market-based solutions are also advocated, including through cultivating regional cooperation among operators and regulators, and encouraging them to reach agreements on lowering wholesale roaming tariffs. Possible regulatory measures are cited too, such as placing caps on prices charged to consumers for mobile roaming.

Some regions have already begun to implement this kind of regime – notably the European Union, where the purpose of the single market is to eliminate trade barriers. In line with this, a series of price caps have been placed on roaming services since the EU Roaming Regulation was created in 2007. As from 1 July 2012, operators cannot charge more than 29 cents to make a phone call or 8 cents to receive one (a fall of about a third from the 2009 limits). And for the first time, a price cap has been set on data roaming — 70 cents per megabyte — with an automatic total price limit of EUR 50 (including for travel outside the EU), unless customers choose otherwise.<sup>4</sup> Further reductions are being considered for the future.

Meanwhile, there is now general acceptance among operators that greater price transparency and ease of use are required for mobile roaming. In June 2012, the GSM Association of mobile operators (GSMA) launched a Data Roaming Transparency Initiative.<sup>5</sup> More than twenty mobile operator groups — including many of the biggest names — have agreed that, by the end of 2012, they will

- Send text messages to remind customers of their data roaming tariffs when they arrive in another country and turn on their mobile device;
- Implement a monthly data roaming spending limit to help consumers manage their roaming bill and send alerts when their data usage approaches the limit; and
- Temporarily suspend the data service when usage exceeds the spending limit.

In the next phase of the initiative, GSMA intends to promote the adoption of these measures across its full membership of nearly 800 mobile operators globally.

Such measures are among those also put forward by the International Telecommunications Users Group (INTUG), which represents the interests of business users of telecommunications globally, including many multinational corporations.<sup>6</sup> It notes that "mobility is an indispensable part of modern ICT systems," and that "companies need simple solutions, which are consistent in all countries" if they are to make full use of the great economic potential of mobile communications.

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## ROAMING AND WCIT-12

So, there are moves by both the industry and by administrations to prevent bill shock. At the 2012 World Conference on International Telecommunications (WCIT-12), proposals on international mobile roaming will be made as the conference considers revising the ITRs. These include adding provisions to the regulations to ensure transparency of end-user prices for international mobile services, and that users receive full information promptly whenever they cross a border. It has been suggested that transparency could lead to greater competition, with potential benefits for consumers. Another added provision would ensure that prices are based on either the actual costs for the service provider, or on prices charged in the user's home country, or on those charged to customers in the visited country.

In the short term, some proposals could reduce the profits of mobile operators. They gain much revenue from roaming services, which can be used not only to keep them in business, but also to expand infrastructure to meet vastly growing demand. However, while bill shock exists and it remains tiresome for people to search for good deals, it could be that business is being lost as people decide instead to leave their phones at home when travelling abroad. Such business opportunities could be much expanded with the measures that have been suggested. Data roaming in particular is a booming market, and is likely to become even larger as cloud services take hold.

The division between fixed and mobile services is growing blurred, just as voice and data services tend now to be carried on a single platform. Having lower prices for international mobile calls, as for fixed-line calls, would reflect these changes. And if lower prices lead to more use of roaming services, higher overall revenues might result that would also encourage investment in the communications networks and applications that are, nowadays, central to social and economic progress.

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- <sup>1</sup> "The world in 2011: ICT facts and figures" available at [www.itu.int/ITU-D/ict/facts/2011/material/ICTFactsFigures2011.pdf](http://www.itu.int/ITU-D/ict/facts/2011/material/ICTFactsFigures2011.pdf)
  - <sup>2</sup> Remarks by Lee Tuthill, Counsellor, WTO, at the Symposium on International Mobile Roaming, March 2012 ([http://www.wto.org/english/tratop\\_e/serv\\_e/sym\\_march12\\_e/sym\\_march12\\_e.htm](http://www.wto.org/english/tratop_e/serv_e/sym_march12_e/sym_march12_e.htm))
  - <sup>3</sup> <http://acts.oecd.org/Instruments/ShowInstrumentView.aspx?InstrumentID=271&InstrumentPID=276&Lang=en&Book=False>
  - <sup>4</sup> [http://ec.europa.eu/information\\_society/activities/roaming/index\\_en.htm](http://ec.europa.eu/information_society/activities/roaming/index_en.htm)
  - <sup>5</sup> <http://www.gsma.com/newsroom/gsma-launches-data-roaming-transparency-initiative/>
  - <sup>6</sup> <http://intug.org/wp-content/uploads/2012/06/roamingsubmissionitucwgjun2012.pdf>

