

## **BULKSMS OPINION PIECE – INTERCONNECT CHARGES**

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### **Interconnect charges essential for SMS**

*Zero interconnect fee for SMS is a problem for the SA industry, says leading messaging service provider.*

In the midst of the national debate on interconnect charges between cellular operators few people realize that there is no interconnect charges between local operators on SMS. There are historical reasons for this. In the early days of GSM networks no one anticipated how popular SMS would become and its potential as a revenue stream was initially overlooked.

Yet, despite the current SMS interconnect regime, Dr Piet Streicher, managing director of BulkSMS.com, a the leading messaging service provider, feels strongly that South African networks should introduce interconnect charges for SMS.

According to Streicher interconnect fees will protect consumers from spam and communication overload as well as stimulate healthy competition in the messaging industry.

Without interconnect fees mobile operators have to constantly look out for practices that could harm their SMS revenues and customers. All computer-enabled application-to-person (A2P) messaging traffic to one network could potentially originate from other networks. With no interconnect fee the home network earns no money for this traffic but would still need to deliver the messages and deal with consumer complaints should any of their clients receive unwanted messages. In extreme cases, and especially with scams, it could even lead to subscribers defaulting on bill payments.

“Currently, there is a gentleman’s agreement between the local network operators that does not allow any inter-network application-to-person messaging,” says Streicher.

In contrast, cellphone driven person-to-person (P2P) messaging across network is allowed. All wireless application service providers (WASPs) have to connect to all three networks separately if they wish to send SMS messages via a direct high volume SMPP link to all networks. However, it is possible to send SMS messages from any one phone on any one network to all of the other networks in South Africa.

Messaging as a communications tool both for consumers and businesses has exploded in recent years, and its use is expected to increase. Streicher says that a lack of a formal interconnect agreement on SMS between the operators could spell trouble for the industry and consumers in the future.

“Some service providers have found ways around the home network operator by using technology to mimic person-to-person interactions by sending from banks of GSM modems or sending via international networks. The latter do not pay interconnect fees to the South African mobile operators. In the worst cases, service providers spoof mobile numbers and messaging centre numbers in ways that cause the spoofed number to be billed by pretending the spoofed number is roaming internationally.

“Whenever communication is available for free for commercial purposes, and difficult to trace, there is a higher risk of abuse. This can be seen with email spam and scams. Cellphone users are even more vulnerable than email users as a sequential list of mobile numbers can be produced for spamming purposes. For example, in 2003 the UK experienced severe SMS spam problems. These were largely solved by introducing interconnect fees between the mobile operators as it forced messaging services to send via official channels.

In Streicher's view, suitable SMS interconnect rates between local and international operators will ensure routing via the home network become the most economical. The introduction of these SMS interconnect rates would make all SMS messages traceable, providing increased protection from spam, and enable the home network to deal with abuses more effectively. In addition, there playing field for application-to-person messaging businesses would be leveled and there would be no need for potentially uncompetitive agreements between the networks.