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A step in the right direction for mobile payments

By Dr Pieter Streicher, MD of BulkSMS.com

Mobile payments for mobile subscription services are receiving much news of late due to negative consumer sentiment over unsolicited billings.

An imminent change in the way that Vodacom customers sign up for third party mobile subscription services is good news for consumers and paves the way towards building increased confidence in mobile payments. Another important development is the recent law that states that mobile network operators should put in place the ability to block a handset from requesting any subscription services.

But with no official launch date yet from Vodacom, and no sign of the other mobile network operators following suit, it's worth customers taking a look at how subscription services work, and which pitfalls to be aware of.

Mobile subscription services involve an ongoing charge on your cellphone account for a variety of third party mobile services. Consumers sign up for these services by responding to an advert, and sending a message to a shortcode, such as 31020. Alternatively, a consumer could be browsing the internet from their mobile phone, and then click on an advert for a service.

Of the several million South African cellphone users that are subscribed to mobile subscription services, as many as 150,000 subscribers request to terminate one or more subscriptions every month. Of these, 77% cannot recall that they subscribed in the first place. Instances of alleged fraudulent billing have been reported by the media.

Currently, some content providers (WASPs) have direct access to your money via your cellphone account, and also receive the cell phone numbers of visitors to their websites.

This means the network operators:

- Are unaware of whether a WASP complies with the regulations until a customer complaint alerts them to questionable billing activity.
- Have no audit trail on the subscription process for mobile browser initiated subscriptions – this is unacceptable given the customer has an ongoing relationship with the mobile operator, rather than the content provider.

In addition, mobile phone billing simply does not accommodate electronic charge backs in the same way a credit card service does. It also provides unclear billing details – with some network operators lumping all third party content services into one amount on statements, which is neither transparent nor useful for the customer.

Hopefully soon, Vodacom at least will take a more active role in the premium rate subscription billing process. Data belonging to customers who have subscribed to a service via a link or shortcode will go directly to the network operator. It will confirm pricing and terms & conditions; ensure the customer opts



in twice; and, crucially keep a log of the details before passing the details on to the WSP for billing and content delivery.

This is an important change as it means the operator will have a full record of which services its customers have subscribed to. This means it will be able to prove whether or not a customer has signed up for a service. Previously network operators could do very little to help customers questioning a specific subscription– leading to much frustration and time wasting by consumers. Ideally operators should allow customers to check their mobile subscriptions from their handsets in the same way they check their account balances.

Of course these changes won't help if the original advert was misleading. So customers should still be careful about what they click on or sign up for, and actively complain to the Wireless Application Service Providers' Association (WASPA) if they have been misled by advertising.