

Mobile Roaming Charges – 17 January 2007

Three's Move to Abolish the Mobile Roaming Premium Heralds a Step Change in Pricing

Yesterday's announcement by Three UK to charge customers the same when roaming internationally on other Three networks abroad as at home is a small revolution, especially when taking into account high speed mobile data roaming charges. Three's Austrian operation already had on offer a no additional fee roaming tariff for its data service, promoted as "3 like home". Laptop wireless data users pay as little as 0.8 Euro cents (0.5 pence) per Mbyte. By comparison Vodafone UK charges customers who roam on Vodafone preferred networks abroad between £2.00 and £4.11 per Mbyte i.e. between 400 and 800 times as much as an Austrian Three customer pays. One does not often see price differences on this enormous scale!

The price pressure exerted by Three becomes even stronger when one takes into account that Three already offers Skype on some of its handsets. Skype traffic, if not free (as with Three's new X-Series), is simply charged as data traffic and not by the minute. While some operators may currently restrict the use of Skype on their cheapest data tariffs, it is only a matter of time before these restrictions will crumble away.

All of this is water on the mills of the EU commissioner Viviane Reding, who is trying to regulate down the cost of international mobile roaming. The defence of European operators citing high costs looks shaky in the light of Three's no-roaming fee move. Costs are of course only high because wholesale prices, which the operators charge to each other, are hugely inflated and well above the lowest retail prices. The days of paying more than 50 pence a minute when roaming in Europe are numbered. Soon paying for mobile usage will be more like paying for broadband, i.e. a simple monthly charge, regardless of where and when the phone is used.

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