

Your response

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<p>Question 1: Do you agree with our provisional conclusion regarding market definition? Please provide reasons and evidence in support of your views.</p>	<p>Confidential? – Partial (confidential responses have been redacted)</p> <p>We do not agree with the provisional conclusions that the market definition should be limited to only include A2P SMS. Since the original consultation was undertaken during 2024, there has been significant acceleration of alternative services, [REDACTED]. RCS for Business is seeing a rapid uptake since two major MCPs launched RCS across their iOS base (Sept 2024), on top of the existing RCS enabled Android devices on six MCPs. We understand there to be dozens of RCS for Business agents registered in the UK now [REDACTED]. Conversations with the public sector suggest they are shifting towards an app push notification first solution in healthcare environments, with A2P SMS being de-prioritised in their decision matrix. These shifts in messaging technology suggest the research is not reflective of actual industry trends that have begun at least since H2 2024, quite possibly as a reaction to the A2P SMS price increases noted in the consultation.</p> <p>Push notifications are replacing A2P SMS at a likely greater pace than all other messaging technologies. Push has been adopted by financial institutions, retailers, hyperscalers, utility providers and many more on top with some explicitly stating they only use push, and to ignore SMS [REDACTED]. We feel there needs to be a much greater understanding of push notifications before assumptions can be made on their competition with A2P SMS, we are losing A2P SMS business to push as an alternative.</p> <p>We are concerned that if only A2P SMS is included in this instance, this could cause a market distortion as services such as WhatsApp and app push notifications already have begun to cut out providers and aggregators. These services should then be subject to the same pricing regulations as A2P SMS to keep a fair and equitable market.</p>

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	<p>It is correct for A2P SMS, to include ported-in numbers; this represents roughly 40% of numbers on any of the major MCPs.</p> <p>It should be noted that the list of 51 identified markets includes number range holders that have no perceivable purpose nor need to receive A2P SMS towards their allocated number ranges. The 37 + 8 = 45 MCP that are included appears a far higher volume of MCPs than we would have anticipated from our own operations.</p>
<p>Question 2: Do you agree with our provisional conclusion regarding SMP? Please provide reasons and evidence in support of your views.</p>	<p>Confidential? – Partial (confidential responses have been redacted)</p> <p>If the conclusion is just to be viewed in restriction to A2P SMS, then it is a fair conclusion that SMP exists within an MCP’s market. In practice, as discussed above, competing services are growing at pace, so a more inclusive, holistic view should be taken.</p> <p>With diversification of business messaging having accelerated during 2024, we now have to disagree with 5.53 and 5.54 as it has become apparent that citizens, in the main part, will receive communications via services such as push, WhatsApp, RCS and email. SMS may form part of the market, and in most cases, a failover/path of last resort combination with these other services. There exists examples in the market whereby a WhatsApp first approach has been taken [REDACTED], but SMS remains as an option for those who do not have WhatsApp available.</p> <p>We do agree with 5.55 and suggest this can and should be addressed via other means, such as a framework that sets forth the dates, frequency, and transparency with which A2P SMS price increases can be issued. This would enable fair competition with other services, lead to stability in the market, yet avoid the need for regulatory intervention on the price per unit itself.</p>
<p>Question 3: Do you agree with our provisional conclusion regarding the three-criteria test set out in section 79(2B) of the Act? Please provide reasons and evidence in support of your views.</p>	<p>Confidential? – Partial (confidential responses have been redacted)</p> <p>We do not necessarily agree there are high barriers to entry for A2P SMS. We have successfully entered into agreement with every MCP within the UK with whom we wish to terminate A2P SMS. In fact, it can often be said</p>

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	<p>there is no barrier to entry at all, connectivity and contracts can be forthcoming as the MCP wishes to improve their subscriber experience by enabling A2P SMS as swiftly as possible with our business.</p> <p>[REDACTED]</p> <p>Demand-side substitution, and demand for other business messaging services, is undergoing rapid change currently, the MCPs are seeing a reduction in their A2P SMS where business can switch, and are switching, to alternative communication services. This can be seen via WhatsApp, RCS, Flash Calling for OTP, Push Notifications and email. This would have been a different answer two years ago, but the market has since reacted to various stimuli. It is agreed, however, that some businesses will find change harder than others do. In this scenario, for example with RCS, the aggregator can intervene and seamlessly switch a business from e.g. an SMS input to an RCS output. It has been observed in wider markets that aggregators can take a client's SMS input and convert this to a WhatsApp output. It is likely this aggregator led service switching is available on wider products too where demand exists.</p> <p>[REDACTED]</p> <p>For the termination of A2P SMS specifically, range holders do have a monopoly, creating a barrier for all but the holder of a number. This leads us to agree with the conclusions in 5.45.</p> <p>5.46 we cannot determine with the information available regarding the true cost of network operation.</p> <p>Stability is desired, but the stability we seek is in duration and frequency of price increases, we feel the A2P SMS rate itself will be self-regulated via the loss of business to other channels, this is already being seen in 2025 and has led to decreases from some MCPs in costs of services such as RCS to compete with alternative channels.</p>
<p>Question 4: Do you agree with our provisional view that setting a price cap on A2P SMS termination rates (based on historical pricing with indexation) would be the most</p>	<p>Confidential? – Partial (confidential responses have been redacted)</p> <p>We do not agree with the current proposal to set a price cap on A2P SMS termination rates, we feel the rates will be controlled by competing services and that a cap of</p>

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<p>appropriate and proportionate response for addressing our competition concerns arising from SMP (identified in section 5)? If not, please explain why.</p>	<p>the rates may lead to inadvertent market distortion. Our desire is clear: we believe a proportionate response would be to moderate behaviours, we feel this can be achieved via a framework which covers items such as dates and durations of price changes.</p> <p>The capping of A2P SMS termination rates has a significant risk of economically damaging our business, whilst simultaneously causing Ofcom to unintentionally contradict the Department for Business and Trade’s ‘Growth Duty’. [REDACTED] We fear a large detrimental impact on our UK operations if the price capping is to be introduced.</p> <p>It should be highlighted that A2P SMS termination alone is one of many services we consume from MCPs. If the rate of A2P SMS were to be capped, it is reasonable to presume that other services will rapidly increase in cost, or take on a cost where before they were free of charge, so MCPs can continue to grow their revenues through these alternative means. This could be monthly connection fees, MNP queries, MO SMS charges, shortcode and long number rental fees, voice services, and contractual charges for items such as liquidated damages on nuisance messaging.</p> <p>During 2025 we witnessed clients, such as [REDACTED] driving their A2P SMS price by moving providers [REDACTED]. This shows there are savings available in the market for businesses wishing to drive down costs, and these businesses are seeing cost savings despite the SMP that MCPs may have on their subscribers for A2P SMS.</p>
<p>Question 5: Do you agree with our provisional view that Option 2 would be effective in addressing the risk (identified in Section 5) that terminating MCPs have the ability and incentive to set and maintain prices for the termination of A2P SMS at an excessively high level, while Options 1 and 3 would not fully address that risk? If not, please explain why.</p>	<p>Confidential? – No</p> <p>We do not agree that Option 2 is sufficient to address the risk, as we believe the risk needs to be redefined in light of the competing services that have broken through. We are not supportive of Option 2, for the reasons listed above in answer to Question 4.</p> <p>We are in favour of non-pricing remedies being presented, such as notice periods and fixed pricing terms (frequency, time frames). Although we agree the regulatory certainty would be lesser in this approach, we firmly believe the MCPs will soon, if not already, have</p>

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	<p>little choice but to act sensibly with their pricing structures if they wish to remain relevant and grow their A2P SMS businesses in a sustainable manner. These non-pricing remedies are not offered in Options 1, 2 or 3 but are discussed in section 6.</p> <p>The need to enforce published pricing, or impose a prohibition of undue discrimination, would be economically harmful to our businesses, and unnecessary to pursue.</p> <p>We do agree options 1 and 3 should not be pursued as they would not address the risk identified in section five.</p>

<p>Question 6: Do you agree with our proposal to set the price cap at a level based on an average of the four large MNOs' December 2020 prices, adjusted using CPI? If not, please explain why.</p>	<p>Confidential? – No</p> <p>We do not support the notion of a price cap for A2P SMS termination. With this in mind, should Ofcom proceed with the proposed price capping, then a CPI linked price, adjusted annually, appears a reasonable manner to approach this activity. Taking the average price from December 2020, however, would need further review. We'd like to see detailed and evidenced input from the MCPs on their true costs to enable an informed decision. Pandemic, warfare, economic changes, investment in anti-fraud and security measures, can be, and likely have all been, referenced through the recent years as possible plausible reasons for business costs to have risen to a greater extend than CPI, to those costs seen in 2020.</p>
<p>Question 7: Do you agree with our impact assessment? If not, please explain why.</p>	<p>Confidential? – Partial (confidential responses have been redacted)</p> <p>The analysis of the impact on MCPs and on Equality appears to be a fair representation.</p> <p>For the impact on Aggregators, please see the following more detailed response:</p> <p>Regarding 6.107, we disagree with the impact analysis. We strongly believe that a price cap will, albeit unintended, increase pressure on our retail prices [REDACTED].</p> <p>6.108 we agree, however, the messages will likely be retained at lower than current margins.</p> <p>6.109, 6.110 and agreed, but again likely to mean retained business at lower margins [REDACTED].</p> <p>6.111 we do not agree, lesser margins on our clients would conceptually lead to a lesser quality of service and/or service offering as we scale back investment and focus of exercises [REDACTED].</p> <p>6.112 agree</p> <p>6.113 if a cap were to be introduced, then we agree with this statement</p> <p>6.114 and 6.115 run risk of creating market distortion as the alternative services have no regulation or oversight, paired with the ability to run loss leading campaigns to win business across, before then increasing prices once a</p>

	<p>client base has formed. It may also be worth noting we already offer services in the market at a much lesser price than A2P SMS or WhatsApp when it comes to transactional OTP messages; for example, flash calling.</p>
<p>Question 8: Do you agree with our assessment of the potential impacts on specific groups of persons, as set out in paragraphs 2.36-2.37? If not, please explain why.</p>	<p>Confidential? – No Yes</p>
<p>Question 9: Do you agree with our proposal for a three-month implementation period following the publication of our final Statement? If not, please explain why.</p>	<p>Confidential? – Partial (confidential responses have been redacted) Should the proposal for a price cap proceed to implementation, then we would suggest a longer implementation period; six (6) months is a sufficient period in our view. [REDACTED]</p>

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