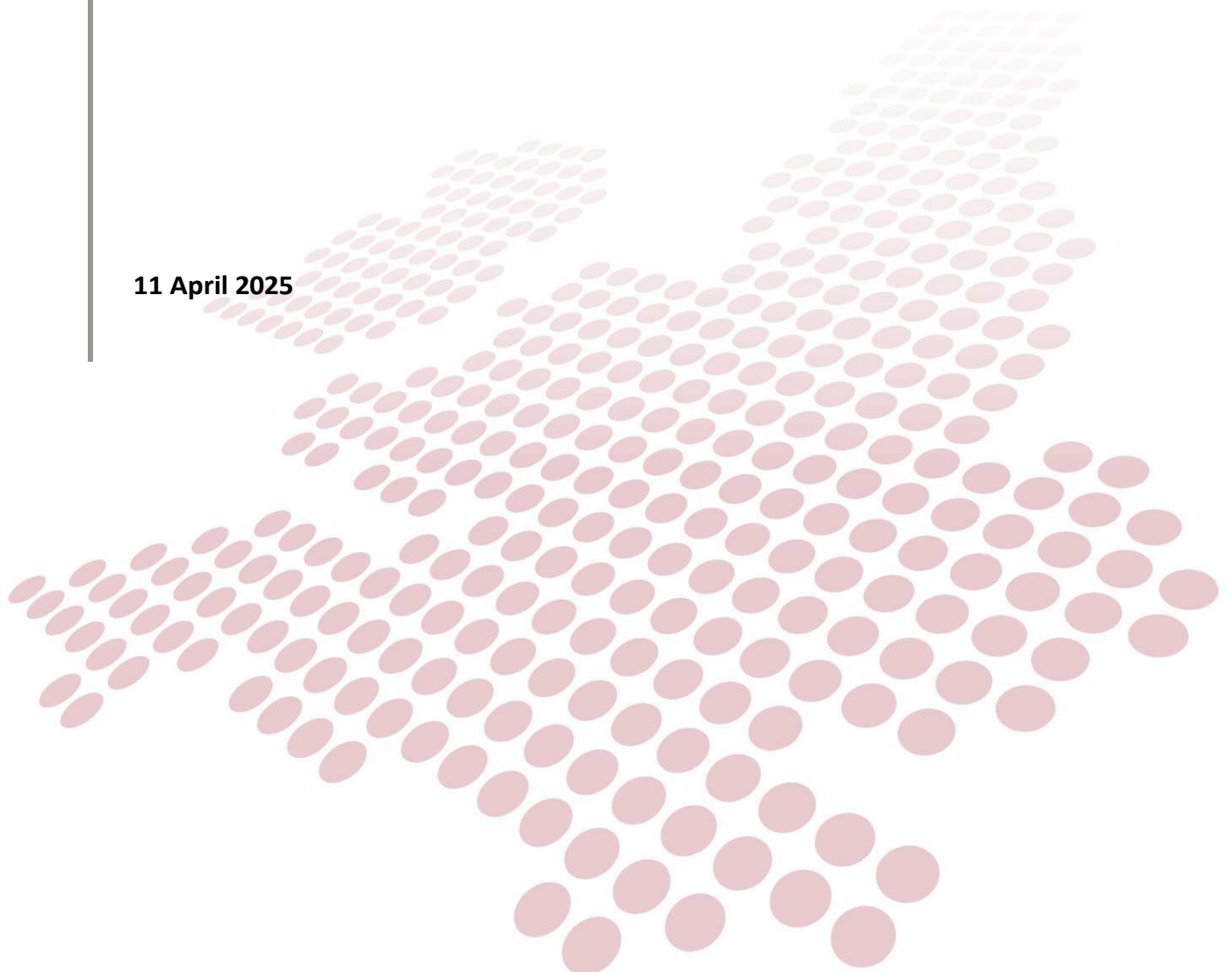


**UKCTA Response to Ofcom's Consultation: Business
Messaging - Review of the A2P SMS termination market**

11 April 2025



About UKCTA

1. This submission is made by the UK Competitive Telecommunications Association (UKCTA). UKCTA is a trade association promoting the interests of fixed line telecommunications and broadband companies competing against BT as well as each other, in the residential and business markets. Its role is to develop and promote the interest of its members to Ofcom and the Government. Details of membership can be found at www.ukcta.org.uk. Its members serve millions of UK consumers.
2. As UKCTA is a trade association focused on the fixed market, we are confining our comments to matters of process and principle, rather than offering evidence on market specifics.
3. Ofcom's proposals represent an unusual intervention, specifically seeking to regulate a legacy telecoms market for the first time. UKCTA is mindful that Ofcom decided not to progress with its September 2022 review¹ into the online communications market. This much needed project would have taken a comprehensive look at the online voice and messaging market in the UK. While this area of market study was considered a priority for Ofcom in 2022, it was abandoned by Ofcom without explanation. Instead, in 2025 Ofcom has pivoted towards issuing a consultation which proposes new regulation on Communication Providers alone, ignoring the march of online services.
4. We believe that in the forthcoming voice review, Ofcom needs to pay sufficient attention to online services, including taking full account of shifting consumer behaviour and the imbalance in regulatory burdens between communication providers and online players when determining what regulation is appropriate from 2026 onwards.
5. Communications Providers (CPs) regulated by Ofcom are at a considerable disadvantage to unregulated online platforms. There is a growing ranges of obligations on CPs, from General Conditions, including emergency call provision, text and video relay, security and resilience requirements. Online providers face none of these obligations, making it harder for

¹ <https://www.ofcom.org.uk/siteassets/resources/documents/phones-telecoms-and-internet/information-for-industry/digital-markets/digital-markets-approach-to-consumer-and-competition-issues.pdf>

Communication Providers to compete. Ofcom has completely failed to recognise this within the Business Messaging consultation and has instead proposed an outcome that would commercially restrict CPs who compete directly with online providers, while online providers (who now dominate person to person messaging and some parts of the calls market) are not impacted. This risks further distorting the market in favour of online services.

6. In May 2024 Ofcom became obligated to take account of economic growth in its decision making. This has been reinforced by recent Government requests. On March 17 2025, **Chancellor of the Exchequer Rachel Reeves** said²:

“The world is changing and that’s why we must go further and faster to deliver on our Plan for Change to kickstart economic growth. Today we are taking further action to free businesses from the shackles of regulation. By cutting red tape and creating a more effective system, we will boost investment, create jobs and put more money into working people’s pockets.”

Business and Trade Secretary Jonathan Reynolds said: *“Unnecessary regulation chokes competition and stifles business – that’s why we’re taking action to unleash industry right across the UK to go for growth. With a regulatory system that encourages innovation and economic growth combined with our Industrial Strategy, our Plan for Change can make the UK the best place to startup, invest and thrive.”*

7. Ofcom’s proposals go completely against the objective of promoting economic growth and the unburdening the UK’s communication sector. Instead, Ofcom is seeking to impose regulation on a legacy services provided by over 50 UK Communication Providers for the very first time. Ofcom’s lack of confidence in its own proposals is evident by its caution around term of regulation to be imposed (three years instead of the default five), with considerable uncertainty over the impact of online platforms.
8. Given the pace of change in both consumer and business behaviour, Ofcom risks distorting the market, delivering an outcome that favours online players over Communication Providers.
9. We note that the evidence collected by Ofcom around market sizing fails to capture volumes

² <https://www.gov.uk/government/news/radical-action-plan-to-cut-red-tape-and-kickstart-growth>

from online players (eg. In-App messaging is largely dismissed, being left unsized - while 'sessional' online based messaging services, where sessions trigger multiple individual messages, are not accurately sized due a lack of data available). This lack of this crucial evidence must be a concern for an evidence-based regulator and does not appear to be sufficiently robust to meet the standards to justify a finding of Significant Market Power.

10. Ofcom cannot seek to rely on an accumulation of regulatory discretion, many steps away from firm evidence to justify its decision making. Regulatory discretion should be used sparing and exercised with particular care. It is not a substitute for poor / limited evidence gathering, particularly when online services are ignored or undercounted.
11. Given the significant shift in consumer behaviour, Ofcom's decision to exclude online services from the market definition appear to be a puzzling one. Ofcom need to be cautious about placing too much importance on limited scope / sample size consumer and business surveys. Alone, they are unlikely to be sufficient to justify a decision of this magnitude.
12. Ofcom appears to have disregarded its own 2023 Impact Assessment guidance. The guidance provides a clear framework for ensuring Ofcom's work adheres to key standards of professionalism and accountability. There is no discussion around what alternative options may exist to address the legitimate concerns Ofcom may have, such as seeking to offer more certainty to the market by other means.
13. In a market that is changing rapidly, with a great number of online alternatives for UK businesses and consumers alike, Ofcom needs to cautious about imposing any outcome that places restrictions on UK based communication providers, harming their ability to compete with online only players. The UK Communication Sector is a valuable part of the UK economy, providing key services, investment, innovation and employment opportunities. Ofcom should be focused on promoting its growth and prosperity, not seek to overregulate communication providers in their attempts to competes with unregulated global online platforms.

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