

MEDIA RELEASE

IMMEDIATE

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Government proposal to regulate premium SMS welcomed

mHITs (pronounced Em-HITS) welcomes the Australian Communications and Media Authority's (the ACMA) recent consultation paper relating to mobile premium services (premium SMS).

The discussion paper titled "New Rules for Implementation of premium SMS/MMS barring" seeks submissions for comment on two models of the proposed barring of premium SMS services on both account and prepaid mobile phone services.

"mHITs has for many years predicted that the widespread abuse of premium SMS services in Australia by carriers and content providers would ultimately lead to introduction of this kind of legislation" said mHITs founder and CEO Harold Dimpel. "This proposed legislation will (hopefully) see an end to consumer 'bill shock' associated with these services. For too long, consumers have been unwittingly ripped off by premium SMS services from unscrupulous operators while carriers have been silently complicit and fuelling this process by charging exorbitant transaction fees of up to 50%" he continues. "Finally we may now have a level playing field for mobile commerce in Australia by enabling non-bank payment providers such as mHITs and PayPal to provide practical, competitive, cost effective, and consumer friendly payment methods for digital content and entertainment services" Mr Dimpel concludes.

More information on the proposed legislation is available at the ACMA website at http://www.acma.gov.au/WEB/STANDARD..PC/pc=PC_311892

about premium SMS services

Premium SMS services are those typically associated with the SMS number prefixes 191, 193, 194, 195, 196, 197 or 199. These are normally associated with two types of services:

one-off services

Services are acquired by sending an SMS from a mobile phone. A typical example is voting in television competitions. Charges are imposed on each (outgoing) SMS message, of the order of, say, 55¢.

subscription services

Services are acquired by placing an order, typically via an internet web page or from a mobile phone. A typical example is acquiring ringtones where, after placing the order, the mobile phone user receives three ringtones per week. Charges are imposed for receipt of (incoming) content of the order of, say, \$5 per ringtone. Under this model, the customer is reverse-charged for the service rather than being charged for content at the time of placing the order.

Premium SMS subscription services may be costly. Such services may include a sign-up fee of as much as \$5, together with a charge for each delivery or access to content; for example, three messages per week at \$5 per message. Charges for subscription services can quickly accumulate and result in an unexpected high bill for post-paid customers or exhaustion of pre-paid mobile credit.

Subscription services have been responsible for much of the negative "bill shock" publicity featured regularly on current affairs programs. The new proposed legislation will also be of particular benefit to parents who supply their child with a mobile phone but may wish to limit expenditure.



The Mobile Revolution!

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The Telecommunications Industry Ombudsman (the TIO) recently undertook a study of the causes of the complaints its office received from customers about premium SMS services¹. During a three-week period in July 2008, the TIO found that of the 523 complaints received during that period, at least 473 complainants (or over 90 per cent) indicated that their complaint related to a subscription service.

what is mHITs?

mHITs is a payment service allows consumers to send and receive payments by SMS text message.

For retail transactions, mHITs allows consumers to pay for coffee or other food and beverage items using their mobile phone simply by sending an SMS text message. Consumers can also use the mHITs service to pre-order their items before arrival at a venue, meaning less queuing and waiting and faster service.

Consumers can also send and receive money instantly via SMS text message between mHITs members. This makes mHITs ideal for applications such as splitting bills, IOUs and taking collections for payments. Other applications include payment for digital downloads (ringtones, games, MP3s etc) parking, vending machines, automatic ticketing, and low value Point Of Sale items (e.g. coffee, and drinks).

mHITs recently launched it's "pay for coffee by SMS" service in Sydney, Canberra and Adelaide with more regions planned for later this year. In July 2009, mHITs launched Easy Canteen – a variant of the retail Point Of Sale solution specifically aimed at payment for school canteen lunch orders. A number of schools have already signed up to use the service. Visit www.mhits.com.au.

how it works?

mHITs works by users sending SMS text messages to interact with the mHITs server. Payments can be made to other mHITs users, and can also be made to unregistered users. More money can be added from any bank account, or money can be moved out of the system back into a bank account. See below for a summary:

Text your keyword to 0428 696 448

Keyword	Description
pay <mobile> <amount> <message>	send money
balance	account balance
bank <amount>	transfer
buy <merchant ID> <amount> <reference>	buy goods

Visit www.mhits.com.au for more information. All new users currently receive an immediate \$5 cash sign-on bonus.

contact details

For more details, visit www.mhits.com.au or contact Harold Dimpel on 0410 622 272 or via email at harold@mhits.com.au.

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¹ Telecommunications Industry Ombudsman, *Mobile Premium Service Complaint Drivers: Complaint Data Analysis* (17 September 2008).