

Are Cell Phone Companies Stealing Your Money?

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PEJ News - Dragonslayer - It's about that extra minute you get charged that you don't get to use.

When you go past a minute, even if it is one second past, you get charged for a full extra minute. It's not that the cell companies can't keep track of the partial minutes, it's more like they don't feel like it because they rather feel like stealing your money instead.

Lets look at a simple pay as you go senario.....

www.PEJ.org Say you buy a \$25 dollar phone card. This gives you about 110 minutes local call time. Lets say your average call is 3 minutes according to your bill. So your being charged 3 minutes when actually your call was somewhere between 2 and 3 minutes. That means that on average one half minute of every 3 minutes is being stolen. You see the phone company charges you an extra minute if your call goes even one second past the minute. So lets do a calculation.

$110 \text{ minutes} / 3 \text{ minutes} = 36.66 * 0.5 \text{ min overcharge} = 18.33 \text{ min overcharge each month.}$ In one year that amounts to $12 \text{ months} * 18.33 / \text{month} = 219.96 \text{ minutes per year per customer overcharge.}$ That's nothing you say? Lets continue. That amounts to $219.96 \text{ minutes} * (25 \text{ dollars} / 110 \text{ minutes}) = \$49.99 \text{ per customer per year.}$

So about 50 dollars per year. According to Statistics Canada there were 52 subscribers per 100 inhabitants in 2006. That is roughly half the population which is about 33,390,141 (July 2007 est.) / 2 according to the World Fact Book.

So 52% of 33,390,141 people is 17,362,873.32 people with cell phones. Multiplying the \$49 per person per year by the number of people with cell phones we find that the cell phone companies are stealing $17,362,873.32 * \$49 = \$850,780,792.68$ from their customers each year. That is about \$851 million we're talking about. In 2 years that is about 1.7 billion. Theft always seems reasonable until you get caught.