

## **Avoiding the Potholes: Finding Good Calling-card Deals for Calls To Mexico**

A review of the prepaid calling-card industry by the Citizens Utility Board (CUB)  
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## **Introduction**

Chicago is a lucrative market for telecommunications companies serving customers who call family and friends in Mexico. The Windy City's Mexican community, more than a half-million strong, is one of the nation's largest, and Mexico is a popular tourist destination for Chicago-area consumers.

Unfortunately, that creates fertile ground for misleading marketing and rip-offs among the hundreds of prepaid calling cards found online and at neighborhood corner stores across Chicago. Still, for many consumers certain calling-card offers beat other telecommunications options, from traditional landline calling plans to cutting-edge Internet telephone services, in price or accessibility. It's up to consumers to arm themselves with good information so they don't fall prey to bad deals that sap their savings as they try to maintain vital contact with friends and family.

Unfortunately that is no easy task in the prepaid calling-card industry, which can resemble a tangled, congested highway with bumper-to-bumper, often-confusing "deals" and plenty of potholes. This review, prepared by the Citizens Utility Board (CUB), highlights some deals that can help consumers avoid losing their wheels on the "calling-card highway."

## **Methodology**

CUB spent nine months researching dozens of prepaid calling cards—offers available online and in stores—that allow Chicago-area consumers to call Mexico.

Using a matrix that rated prepaid offers according to several key factors—including surcharges, per-minute prices, and rounding of minutes—CUB weeded out abhorrent offers and pinpointed a range of deals, from average to good, that represent the kind of offers consumers are likely to encounter while shopping for calling cards to Mexico. Those offers are included in the chart at the end of this report.

The goal of CUB's research was to give consumers...

- 1) a helpful guide on how to shop for a good calling card;
- 2) a clear view of the range of offers that are available;
- 3) a checklist of factors that add to the advertised price of an offer;
- 4) an online resource to share information about good deals.

## **Summary of Findings**

Prepaid calling services offer a set amount of calling time for a certain advertised price. To access the calling minutes, customers have to dial extra digits, also called an access number. When a customer runs out of calling time, he or she has to buy more minutes. Consumers can buy prepaid calling cards at corner stores and gas stations across Chicagoland. A similar service to the prepaid cards is available over the Internet, allowing consumers to set up an

online account and transfer money into it to buy calling time.

Often these calling cards beat out prices for standard landline calling plans to Mexico. Although Internet telephone services, such as Skype or JaJah, have intriguingly cheap rates, such calling options are not possible for people without a Broadband Internet connection, and other callers may not be interested in the technology.

In those cases, prepaid calling cards can be the most affordable option available. Consumers, however, will get burned if they don't research a card offer for the following potholes.

**Abusive charges and fees.** Companies that market prepaid calling-card and online offers are adept at adding charges that inflate a seemingly low advertised rate. CUB uncovered hidden maintenance fees, percentage fees, connection charges, disconnection charges, and handling or processing fees. These fees can make the difference between a good deal and one that needlessly eats up your money. For example, one online service charged a very good 2 cents per minute for calls to Mexico City, but that low rate was inflated by a 49-cent connection fee and a 99-cent monthly fee. So someone who used the card for a 10-minute call to a friend in Mexico one month would NOT pay just 20 cents, but \$1.68. That's a 740 percent increase in cost.

**A confusing array of different rates for different cities.** For example, one calling card's rate for calls to Mexico City was .7 cents per minute but the rate was 13 times higher, 9 cents a minute, for calls to smaller communities.

**Punishing rates for calls to cell phones.** One calling card rate for calls to a cell phone was more than 20 times above the rate for the same call to a landline in Mexico.

**Punishing rates for calls from payphones.** Using a calling card from a payphone slaps customers with rates as high as \$1 per minute. Unless it's an emergency and there is no other option, avoid payphone calls at airports or other public places.

**Fees that begin after the first call.** CUB found one offer that charged customers a 69 cent fee beginning on the second day, and then every 14 days after that. In these cases, consider buying a smaller amount of minutes and using them all up on one call to avoid the later fee. Of course, this strategy is made

more difficult by offers that require consumers to buy a minimum amount of minutes, or offers that slap customers with a “handling fee” fee for cards of smaller dollar value. See below.

**Handling fees.** Read the fine print of online offers to check if they charge you a “handling fee” if you buy less than a certain dollar amount. CUB found one offer that charged a \$1 handling fee for orders under \$20, and another charged \$2 for orders less than \$40.

**Local access number versus toll free access number.** Some cards give customers the option of accessing their calling time either using a toll-free number or a local access number. The calling-card companies say it costs them more to complete a call when the customer uses a toll-free number. The rate is likely to be at least a penny-per-minute higher for the toll-free option. For example, one prepaid option charged 3.8 cents per minute for a call to Guadalajara using a Chicago-based local-access number, but 4.8 cents per minute for the same call using a toll-free access number. Beware. If you use a local access number to complete a call and that access number is from outside your area, you’re going to pay up to \$1 per minute in additional long-distance charges to complete that call, according to the terms and conditions of one prepaid service. If you want to avoid a toll-free access number and get a lower calling rate, make sure to find an access number that is in your local calling area.

**Rounding of minutes.** Although such a detail often gets overlooked when customers are comparing prices, it is important to check how a calling-card rounds the minutes it charges customers. For example, one card had a punishing three-minute billing increment, which means if a call lasts one minute and one second, it automatically charges a customer for a four-minute call. CUB found a range of billing increments from a decent six seconds to a ridiculous four minutes.

**Expiring cards.** Always read the fine print to determine if your card can be recharged with more minutes and if it expires. For example, some non-rechargeable cards expire 90 days after first used or one year after they were issued. Rechargeable calling cards may expire one year after the last use. Don’t let a card expire with minutes still on it.

## **Other Phone Options**

There are other options for callers, but they can be more expensive or less practical. CUB recommends that most consumers avoid using their cell phone for calls to Mexico. One major wireless carrier charged standard international rates

of 49 cents per minute to 65 cents per minute for calls to Mexico. Its international “value plan” charged 9 cents for every minute of calls to a landline in Mexico and 25 cents per minute for calls to a cell phone—PLUS \$3.99 a month.

Landline plans can be just as brutal. In fact, CUB received one phone bill recently in which a 59-minute call to Tijuana cost more than \$76. One major landline company charged a \$1 monthly fee for the “privilege” of calling Mexico at rates that ranged from 86 cents per minute to \$1.60 per minute.

Internet telephone service can be a great option for calls to Mexico—but it requires a broadband Internet connection. For example, Skype users from Chicago can make free calls to other Skype users in Mexico. The company also offers a \$7.99 monthly plan for unlimited calls to landline phones in Mexico City, Monterrey and Guadalajara. Calls to landlines in other communities cost an additional 3 cents per minute, and calls to cell phones cost 15 cents per minute. A special option, called Skype to Go, allows consumers to use their landline phones to punch in an access number and make calls enjoying Skype’s rates, without having to use a microphone and a computer to make calls.

## **Conclusion**

Despite the many problems with calling cards—hidden fees, confusing rates, etc.—they still are the most accessible or the most affordable options for many consumers who need to call Mexico. The challenge is to separate the good deals from the bad. As in any other sector of the telecommunications industry, consumers looking to get reliable and helpful information from calling-card companies could very well end up disappointed and frustrated. There’s no

substitute for doing your own detective work. Read the fine print of any offer, consult with friends about good deals, research calling cards online, and e-mail the Citizens Utility Board (CUB) with questions, at **[awarnock@citizensutilityboard.org](mailto:awarnock@citizensutilityboard.org)**.

Arm yourself with good information. Knowledge is power—and it will help you avoid the pricey potholes that litter the calling-card industry.