



## Efficient Inter-Carrier Compensation for Competing Networks When Customers Share the Value of a Call

By Federal Trade Commission

Createspace, United States, 2014. Paperback. Book Condition: New. 279 x 216 mm. Language: English . Brand New Book \*\*\*\*\* Print on Demand \*\*\*\*\*.With competition in telecommunications markets a carrier relies on competing networks to complete inter-network calls originated by its customers. Regulators typically require the calling party's network to pay a termination fee to the called party's network equal to the terminating network's incremental cost of completing the call. The payments for such termination services could affect retail prices and therefore consumption of telecommunications services. I show that when both parties to a call benefit from it, they should bear the costs of the call in proportion to the value that they receive from the call. This implies that requiring two networks to exchange traffic at specific points on a bill and keep basis can generate more efficient network utilization than imposing all costs on the calling party's network. This occurs even with unbalanced traffic between the two networks. Thus, regulators may be able to improve the efficiency of telecommunications markets by establishing inter-carrier compensation rules that cause the calling party and the called party to share the cost of a call.



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