

Sprint and T-Mobile merger approved by federal judge: What it means for consumers

February 12 2020, by Edward C. Baig, Mike Snider and Brett Molina



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Sprint and T-Mobile have moved yet another step closer to a merger, and

it could lead to consumers paying more for wireless plans.

A [federal judge](#) in New York on Tuesday approved the \$26.5-billion merger of the third- and fourth-largest wireless carriers, creating a much larger rival to AT&T and Verizon.

"Today was a huge victory for this merger ... and now we are FINALLY able to focus on the last steps to get this merger done," said T-Mobile CEO John Legere in a statement.

Both companies say joining forces will benefit [consumers](#) by expanding access to next-generation 5G [cellular networks](#) and offer better service nationwide. The merger will also create new jobs, the companies said, adding more than 3,500 additional full-time U.S. employees in the first year and 11,000 more people by 2024.

U.S. District Court Judge Victor Marrero agreed, noting in his decision: "T-Mobile has redefined itself over the past decade as a maverick that has spurred the two largest players in its industry to make numerous pro-consumer changes. The proposed merger would allow the merged company to continue T-Mobile's undeniably successful business strategy for the foreseeable future."

Federal Communications Commission chairman Ajit Pai said he was "pleased" with the decision in a statement. "The T-Mobile-Sprint merger will help close the [digital divide](#) and secure United States leadership in 5G," he said. "After the merger, T-Mobile has committed to bringing 5G to 97% of our nation's population within three years and 99% of Americans within six years. Its 5G network will also reach deep into rural areas, with 85% of rural Americans covered within three years and 90% covered within six years."

Critics of the merger claim the deal will lead to higher wireless prices

for consumers.

"Going from four established nationwide wireless networks to only three—with the possibility that we might someday, eventually, get some version of a fourth network added back into the mix—will be extremely damaging to competition," says George Slover, senior policy counsel at Consumer Reports. "It will degrade the choices available to consumers, the options for network access, and the incentives to create better and more innovative service."

Not only does the elimination of Sprint leave the marketplace to AT&T, Verizon and the New T-Mobile, but there are questions about the budget "pre-paid" (pay-as-you-go) segment, where both T-Mobile (Metro) and Sprint (Boost Mobile) have had a significant presence.

Boost founder Peter Adderton, a vocal critic of the [merger](#) from the outset, claims such brands helped suppress prices for the kind of budget-focused customer who gravitates toward these and other prepaid providers.

"Metro and Boost competed against each other, were fierce rivals, and that is even fading today," he recently said in an interview with U.S. TODAY.

Many of those customers will land at Dish Network (which for now will piggyback off the T-Mobile network.) The sale of Sprint's Boost Mobile prepaid carrier to Dish was among the concessions the companies made to gain Justice Department approval. The DOJ's decision is currently being reviewed by the U.S. Court of Appeals in the District of Columbia.

"This outcome puts consumers at risk. The states put on a strong case, and the DOJ's proposed remedy is still very risky—at best we are losing

a competitor today, in the hope of getting one back later," said John Bergmayer, legal director at consumer advocacy group Public Knowledge, in a statement.

Dish's acquisition of Boost could help, he said, but "there will be a great deal of uncertainty for consumers in the meantime, as new entry into the wireless market is not easy, especially when it requires the cooperation of your competitors, as under the DOJ's proposal."

Apart from the impact of pricing—and T-Mobile committed to not raise them for three years—Sprint customers will start receiving bills from the New T-Mobile. In a few cases they may also need to purchase new phones.

"It seems likely in the short run, there will be plenty of competition, but I'd still be concerned in the long run, there might not be enough competition in the marketplace, said Forrester analyst Frank Gillett.

One thing you can expect to see is a massive advertising campaign heralding the newly-merged company, notes analyst Craig Moffett of MoffettNathanson. "That will buoy net subscriber growth for New T-Mobile, and pressure subscriber growth at Verizon and AT&T."

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Citation: Sprint and T-Mobile merger approved by federal judge: What it means for consumers (2020, February 12) retrieved 22 September 2023 from

<https://techxplore.com/news/2020-02-sprint-t-mobile-merger-federal-consumers.html>

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