

Verizon to sell smart phones for prepaid service

September 2 2010, By PETER SVENSSON , AP Technology Writer

(AP) -- Verizon Wireless on Thursday announced it's opening up access to smart phones for customers who prepay for service, such as people with poor credit and those who don't want to be tied down by long-term contracts.

Prepaid service has long been the domain of low-end phones, but such companies as [Sprint Nextel](#) Corp. and Leap Wireless International Inc. have recently introduced smart phones for their Boost, Virgin Mobile and Cricket brands.

[Verizon](#) Wireless, the country's largest cellular carrier, said that it started to sell smart phones for [prepaid service](#) in its stores on Thursday and will start selling them online on Sept. 28.

The phones will be more expensive than those offered to customers on regular "postpaid" plans, usually associated with two-year contracts. For example, Verizon charges a prepaying customer \$215 for a BlackBerry Curve 8530. It's available for \$20 with a two-year contract. A Motorola Droid X, which has a big touch screen, costs \$395 for prepaid service and \$200 with a contract.

Like other carriers, Verizon discounts the price of phones with two-year contracts, figuring that it will make back the discount in monthly service fees. With prepaid service, the customer can cancel at any time.

Verizon is also introducing a data plan with unlimited access for \$30 per

month, the same price customers under contract pay.

The data plan won't be mandatory, but to get it, customers will have to get a monthly prepaid calling plan. These start at \$45 for 450 minutes of calling, with no text messages included. They cost \$5 per month more than equivalent contract-based plans.

Prepaid service is seen as one of the remaining growth areas for [wireless carriers](#), because people who have good credit all have phones already.

AT&T Inc., the second-largest carrier and Verizon's chief competitor, doesn't sell [smart phones](#) for prepaid service, and it doesn't offer a monthly prepaid data plan. However, customers with good credit can buy phones at an unsubsidized price roughly \$400 above the contract price and go month-to-month on postpaid plans, without a contract.

[Verizon Wireless](#) is a joint venture of New York-based Verizon Communications Inc. and Vodafone Group PLC of Britain.

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