



# **African Union (AU) International Mobile Roaming Guidelines September 2013<sup>1</sup>**

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<sup>1</sup> Updated in June 2014

## 1. INTRODUCTION

Within Africa, regulators and policymakers have expressed concerns about international mobile roaming (IMR), especially regarding consumer “bill-shock”, transparency and prices. Considerable dialogue has taken place between regulators, policymakers and industry, which has at times been challenging due to the economic, commercial and technical complexities of international mobile roaming.

In 2011, the AU took steps to address these challenges by undertaking a pre-feasibility study of a “*Programme for the establishment of affordable roaming rates in Africa*”<sup>2</sup>, which identified a range of issues:

- Transparency - A need to improve transparency and clarity of consumer retail pricing for IMR
- Bill shock – A need for measures to minimise and mitigate against consumer bill shock
- Alternatives to roaming – a lack of substitutes for IMR services
- Retail prices – A desire to lower retail IMR tariffs for African consumers

To respond to these concerns, the AU developed a set of IMR Guidelines for Regulators. These Guidelines were discussed between AU Member States and representatives of the mobile industry at the ATU/GSMA International Mobile Roaming Workshop held in Nairobi on 10<sup>th</sup> and 11<sup>th</sup> September 2013.

The AU also proposes to carry out a market survey of IMR services to establish a robust evidence base in relation to the current situation in Africa. The findings of this survey will be used to underpin the ongoing development of the Guidelines and will be circulated to national regulators in Africa to assist them in determining the most appropriate way to apply the Guidelines in their own market. It is proposed that this market survey will consist of two sections:

1. “IMR Questionnaire – Part One on Regulatory and Consumer Issues” covering retail pricing, wholesale pricing, taxation, transparency and substitute services
2. “IMR Questionnaire – Part Two on Technical Issues” covering quality of service measurement and bypass

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<sup>2</sup> *Pre-feasibility study of a programme for the establishment of affordable roaming rates in Africa* – Deliverable Pre-final version April 2011: see Appendix 1

## **2. GUIDELINES ON INTERNATIONAL MOBILE ROAMING IN AFRICA**

### **2. a) Guiding Principles**

The three core principles below should be followed by regulators when considering implementation of these Guidelines in their national market.

#### **Guidelines for Regulators**

##### **a) Core Guiding Principles**

1. These Guidelines are applicable to IMR services within Africa. They should be applied taking into account national and regional market conditions.
2. The Guidelines should be used where there is evidence of substantial consumer harm, and where the implementation of regulatory measures will not reduce overall consumer welfare.
3. Any regulatory measure relating to IMR services should increase consumer welfare for the majority of consumers in the relevant AU member state – that is, the overall benefits should exceed the costs of regulation.

### **2. b) Transparency of IMR Information for Consumers**

The AU report expresses concerns in relation to transparency of retail IMR prices. In particular, the report highlights that *“consumers do not generally consider international roaming charges when subscribing or purchasing the SIM card.”*<sup>3</sup>

The report recognises that the mobile service is sold as bundle or package which predominately focuses on the consumer demand for mobile services – local calls, SMS and data, and possibly subsidies to handsets. Therefore, it is widely accepted that the IMR service is not normally part of the original purchasing decision and not at the forefront of consumers’ minds when purchasing mobile communications services.

The report identified that there is a need for increased consumer retail price transparency so that, if consumers decide to use IMR services, they are able to find and establish the relevant IMR prices for the countries they plan to visit and to make informed decisions before hand.

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<sup>3</sup> *Pre-feasibility study of a programme for the establishment of affordable roaming rates in Africa” – Deliverable Pre-final version April 2011, page 5*

## Guidelines for Regulators

### b) Transparency for Consumers

National regulators should have a dedicated page on their website for provision of retail IMR-related information to consumers. The webpage should include, among others, the following:

1. A simple but effective description of IMR services. This should include a notification that using IMR services may be significantly more expensive than using domestic mobile services.
2. A notification that IMR charges may apply to the following activities undertaken on a mobile phone while travelling internationally:
  - making and receiving calls
  - receiving and retrieving voicemail messages
  - sending and receiving SMS messages and multi-media messages
  - using mobile data services, including but not limited to browsing the internet, sending and receiving emails
3. Advice that, before their departure, consumers are highly encouraged to obtain from their mobile service providers detailed information about IMR charges and any special offers or roaming plans applicable to the countries they will be visiting, including:
  - how call duration will be measured for the calculation of IMR charges (e.g. on per-minute or other basis)
  - whether any fixed charge for call connection will be levied in addition to the charge based on call duration
  - data prices while roaming
  - whether there will be any difference in charges during peak and off-peak hours
  - whether there will be any difference in charges among different mobile networks in the visited country, and a reminder that consumers may manually select a particular network using the “manual” mode of network selection when traveling
4. Links to the national individual operators’ websites that are dedicated to IMR-related information (NB Regulators should work with their operators to ensure that they have followed the “Guidelines for Operators - Transparency for Consumers’ when providing information on their websites – see Annex.)
5. Information about alternative services to IMR, including a description of how these alternatives are used, their advantages and limitations, etc.

The information above is the recommended information that regulators should provide to consumers in relation to IMR services. Regulators may consider providing further information and/or consumer advice on their websites or through printed material, depending on their market situations. If considered appropriate, a regulator may discuss with its operators and agree on a common set of information that should be

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provided by all its operators in relation to IMR services for publication on the regulator's website.

Regulators should regularly review the IMR-related information provided on their websites to ensure that the information is up-to-date, as operators will revise their IMR-related information.

As an example, please see the UK regulator Ofcom's website on IMR for UK consumers <http://consumers.ofcom.org.uk/2013/07/using-your-smartphone-or-tablet-abroad/>  
<http://consumers.ofcom.org.uk/2013/03/check-your-phone-before-you-roam/>

## **2.c) Addressing Mobile Bill Shock**

The risk that consumers may be faced with bill shock in relation to IMR prices has also been identified as a concern. Notably, an initial step to mitigate the risks of bill shock is to implement the retail transparency recommendations that are noted above. A robust program to promote transparency will compliment this effort.

By definition, all pre-paid users are protected against unexpected bill shock whilst using IMR services. A pre-paid user's exposure is limited to the total amount of pre-paid funds placed on the SIM card with their mobile network operator (MNO). Therefore pre-paid users already have safeguards and are prevented from spending more than the remaining balance on the pre-paid account. On this basis, measures to mitigate against bill shock should apply only to post-paid customers.

### **Guidelines for Regulators**

#### **c) Addressing Mobile Bill Shock for international mobile roaming services**

Regulators should work with operators in their national markets to encourage them to implement the following minimum measures:

1. To allow both post-paid and pre-paid customers to opt out of individual services supplied by operators while roaming
2. To allow post-paid customers to use a pre-determined operator spending limit (i.e. a maximum charge which will apply to the use of services over a specific period)
3. To send notifications to post-paid customers when their pre-determined charge ceiling is approached and/or reached

"Guidelines for Operators – Addressing Mobile Bill Shock" contains further guidance on measures that can be undertaken by mobile operators to reduce mobile bill shock.

## **2. d) Alternatives/Substitutes for IMR Services**

The AU report highlights concerns about the range of substitutes available as alternatives to IMR services that are available in Africa: *"As there is no alternative to the roaming service, demand tends to be inelastic with respect to price and, therefore, the operators tend to keep prices high."*<sup>4</sup>

Alternatives/substitutes for IMR vary in terms of affordability. For example, buying a local SIM card on arrival in the destination country is considerably less expensive. Purchasing of a local SIM is increasingly widespread amongst Africa consumers travelling abroad. Wi-Fi is also growing as a strong alternative/substitute for an increasing number of consumers in both roaming and domestic markets. There has been a strong push from manufacturers

<sup>4</sup> *Pre-feasibility study of a programme for the establishment of affordable roaming rates in Africa" – Deliverable Pre-final version April 2011, page 5*

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and service providers to increase the availability and penetration of Wi-Fi-enabled handsets. Today all major smartphone manufacturers include Wi-Fi capability in their handset portfolios; this feature allows consumers to use Wi-Fi hotspots both at home and abroad. As penetration of smartphones increases in Africa, the use of Wi-Fi as an IMR alternative/substitute will also increase.

### Guidelines for Regulators

#### d) IMR Alternatives/substitutes

It is recommended that regulators conduct assessments of the feasibility of communicating about various types of roaming alternatives/substitutes in their country. In particular, regulators should examine whether there are any regulatory or market barriers which may hinder the introduction of various types of roaming alternatives/substitutes in their economies, and if so how such regulatory or market barriers may be removed.

Regulators should educate consumers about the availability of various types of roaming alternatives/substitutes, and provide information about the advantages and limitations as well as the method of use of each type of alternative/substitute (see Guideline for Regulators b) Transparency for Consumers 5.).

## 2.e) Regulation of IMR Prices

The AU report also expresses considerable concerns that the retail prices of IMR services in Africa are too high: *“This report gives an account of particularly high prices ..., identifies some of the causes for the high prices of roaming . . . , demand tends to be inelastic with respect to price and, therefore, the operators tend to keep prices high ”*<sup>5</sup>.

Due to the trans-border nature of IMR services, effective regulation of IMR prices may require regionally coordinated policy if a concern exists with wholesale IMR pricing in addition to with retail IMR pricing, based on a robust legal framework. Unlike Europe, which has implemented IMR price regulation at a regional level, Africa does not have a common legal and regulatory framework that encompasses all economies. Implementation of effective uniform (or even similar) IMR price regulation across all African countries would be highly challenging due to the following obstacles:

- Variations between countries in GDP, economic growth, inflation and cost structures
- Structural barriers such as double taxation and/or lack of liberalisation creating international gateway monopolies
- Exchange rate volatility which can reduce transparency if a uniform price cap is based on a chosen currency

<sup>5</sup> *Pre-feasibility study of a programme for the establishment of affordable roaming rates in Africa” – Deliverable Pre-final version April 2011, various including - pages 5,11,14,15.*

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- Different regulatory powers and frameworks. Most national regulators no longer impose retail price regulation
- Large variance in volumes of IMR traffic between countries and economies in Africa, which would mean that uniform price regulation would create ‘winning’ and ‘losing’ countries in Africa (the latter will also see a reduction in foreign exchange activity and smaller flows of hard currency into their economy)
- Lack of sufficient resource and access to data to carry out robust quantitative impact analysis prior to any decision to regulate IMR prices; without such analysis there is a serious risk of unintended consequences of price regulation (for example, price regulation may not make IMR services competitively priced – in the EU, prices have clustered around the regulated prices and regulation has shrunk the overall IMR market)
- Different segments of the consumer population travel internationally, but reducing IMR tariffs through regulation would have an impact on overall consumer welfare. That is, to the extent that IMRs help to subsidise lower domestic tariffs for those that do not travel internationally, there may be consumer welfare trade offs if reduced IMRs result in higher domestic tariffs.

### Guidelines for Regulators

#### e) Regulation of IMR Prices

Regulators should explore the feasibility and appropriateness of regional arrangements to address the issue of high IMR prices when the following have been put in place and the issue of high retail IMR prices still remains a concern:

- (i) measures to enhance retail transparency;
- (ii) measures to address mobile bill shock;
- (iii) measures to remove any regulatory and market barriers which may cause high input costs of IMR; and
- (iv) measures to remove any regulatory and market barriers which may hinder the introduction of various types of roaming alternatives/substitutes;

It is recommended that national regulators should:

- conduct detailed and robust analysis of pricing as well as levels of competition on a consistent basis across IMR services in their market, and focus particularly on situations in which retail competition has not yet developed and may be unlikely to do so in future
- consult all relevant stakeholders including the mobile operators in their national markets when commencing price regulation discussions on IMR
- Gather detailed pricing and market data, and conduct quantitative impact assessments on consumers, bearing in mind that any consumer benefit should impact the majority of consumers and not just a minority sub-set of consumers (i.e. those that frequently travel internationally).
- Take into account the overall impact of price regulation on the mobile industry, including the risk that overly heavy regulation may hamper operators’ ability or willingness or ability to invest in the future roll-out of broadband networks in Africa, or the risk that regulated rate reductions in one area may result in rate increases in



another area.

- Analyse the impacts and feasibility of different forms of regulation (i.e. regulation of wholesale prices only, regulation of retail prices only, or regulation of both wholesale and retail prices).
- Finally, only where it can be proved that the benefits of regulation would significantly outweigh the costs of regulation should regulatory intervention on prices be considered to be potentially proportionate or reasonable.

### Guidelines for Operators

#### a) Transparency for Consumers

Home operators should at all times provide clear, accurate and up-to-date information on IMR services, on their websites, via customer service hotlines and through printed materials. Information should be presented in a way that is easy for the general public to understand.

##### Part A: Generic information about IMR services

1. A simple but effective description of IMR services. This should include a notification that using IMR services may be significantly more expensive than using domestic mobile services
2. Advice that IMR charges may apply to the following activities while travelling overseas:
  - making and receiving calls
  - receiving and retrieving voicemail messages
  - sending and receiving SMS messages and multi-media messages
  - using mobile data services, including but not limited to browsing the internet, sending and receiving emails

It is good practice for home operators to clearly state the differences in charging structure between IMR services and domestic mobile services.

3. IMR charges may not be included in the regular plan/contract of domestic mobile services
4. What customers need to do if they want to use IMR services
5. What customers need to do if they want to suspend part or all of the IMR services
6. A webpage and/or a customer service hotline from which customers can obtain detailed information about IMR charges

##### Part B: Up-to-date information about IMR services

1. Countries where the IMR service is available
2. A list of the choices of visited networks available in each country for IMR
3. For each charging zone or each country, a list of charges for IMR service which may include:

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- a. For Voice Calls (breakdown of charges into fixed charges / per-minute rate if applicable)
  - i. making local voice calls within the visited country;
  - ii. making voice calls back to the customer's home country; and
  - iii. receiving voice calls within the visited country
- b. For SMS Messages (charges may be on per-message basis or based on a bundle of messages)
  - i. sending local SMS messages within the visited country;
  - ii. sending SMS messages back to the customer's home country;
  - iii. sending SMS to another country, and
  - iv. receiving SMS messages within the visited country
- c. For Multi-Media Messages (charges may be on per-message or per-MB basis, or based on a bundle of messages or data volume)
  - i. sending local multi-media messages within the visited country;
  - ii. sending multi-media messages back to the customer's home country;
  - iii. sending multi-media messages to another country, and
  - iv. receiving multi-media messages within the visited country
- d. For Mobile Data Services (e.g. internet and email) within the visited country (charges may be on per-MB basis or based on a bundle of data volume)
- e. Other charges (breakdown of charges into fixed charges and per-minute rate if applicable)
  - i. receiving and retrieving voicemail messages; and
  - ii. making calls to the customer services of the home operator (short code / phone number to be called should be provided to customers)
1. An indication of the likely time lag between the use of IMR services and IMR charges appearing on a post-paid customer's phone bill.

### Guidelines for Operators

#### b) Addressing Mobile Bill Shock

Further measures that could be implemented, depending on market conditions, by home operators as best practices:

- Allowing post-paid customers to set usage ceiling for usage-based services (e.g. data roaming services)
- Sending notifications to post-paid customers when their pre-determined usage ceiling is reached or approached
- Encouraging home operators to increase the range and type of IMR offering to suit national demand for IMR services, e.g. offering flat-rate plans for data roaming services – time based or based on maximum allowance for data
- Offering free of charge functionalities or applications which allow customers to obtain up-to-date information on their roaming usage

## APPENDICES

**Appendix 1 – AU Pre-Feasibility Study For The Development Of A Programme For The Establishment Of Affordable Roaming Rates In Africa Deliverable – (Pre-Final Version Updated In June 2013).**

[www.au.int/infosoc/roaming](http://www.au.int/infosoc/roaming)

**Appendix 2 – ITU International Telecom Regulations** Member States that signed the revised ITR (Dec 2012) will be bound by the provisions of the new treaty once it comes into force on 1 January 2015. Member States that do not sign will remain bound by the 1988 treaty, which does not include any provisions on IMR.

<http://www.itu.int/en/wcit-12/Pages/itrs.aspx>

**Appendix 3 - How IMR works (Source GSMA International Mobile Roaming Explained – Africa)**

<http://www.gsma.com/publicpolicy/wp-content/uploads/2012/09/Africa-International-roaming-explained-English.pdf>

**Appendix 4 – ITU T D.98 Charging in international mobile roaming service – Sept 2012,**

<http://www.itu.int/rec/T-REC-D.98-201209-I>