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Innovations and Settlements

Regional Seminar on the Trade in Telecommunication Services for the Arab States

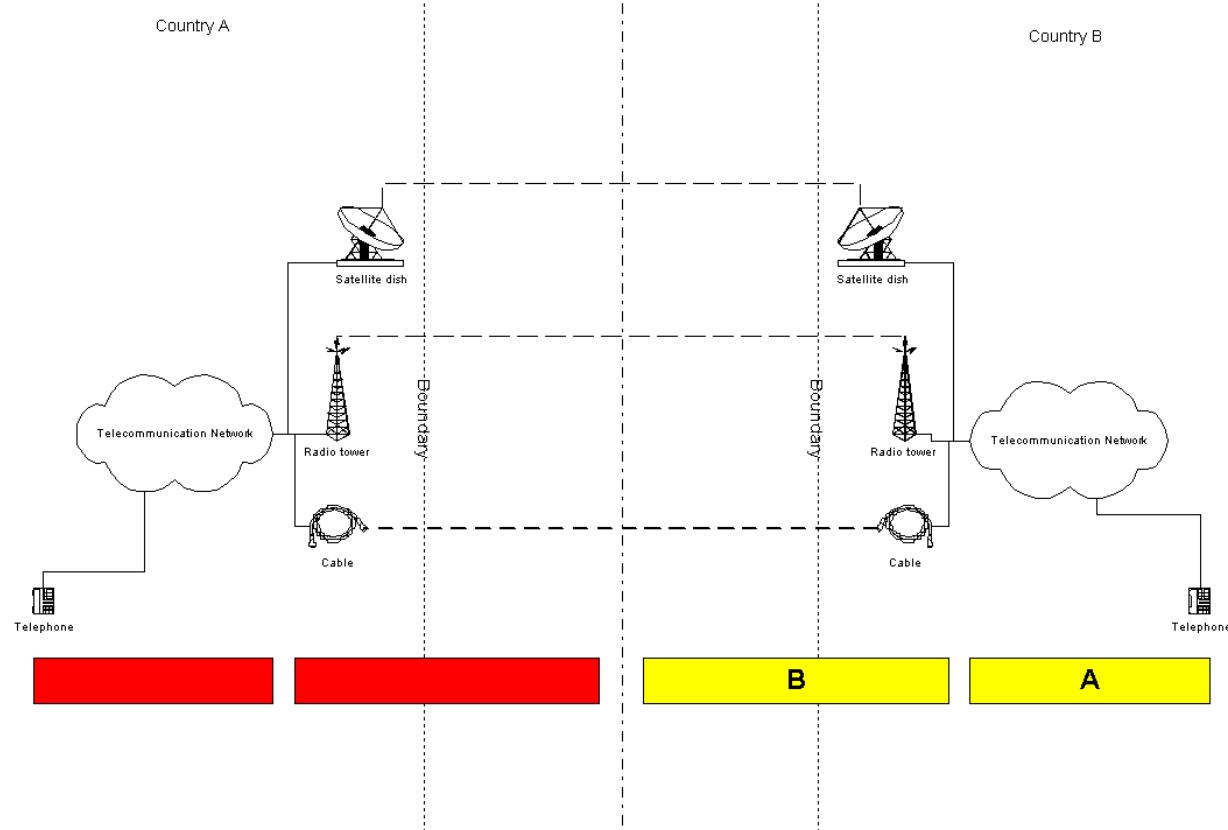
Tunis (Tunisia) October 25-27, 2000



Settlement principles

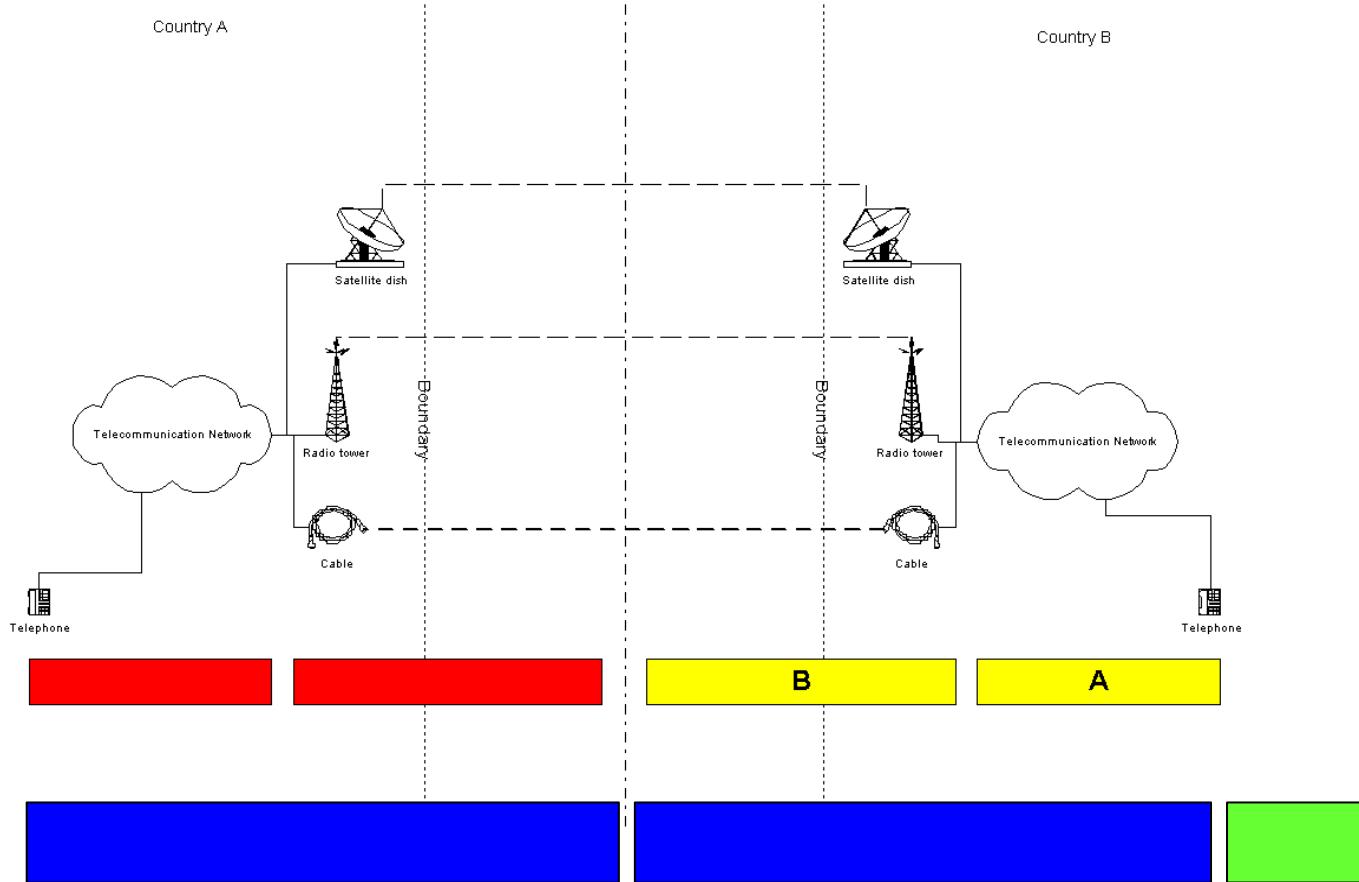
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Symmetric accounting rates

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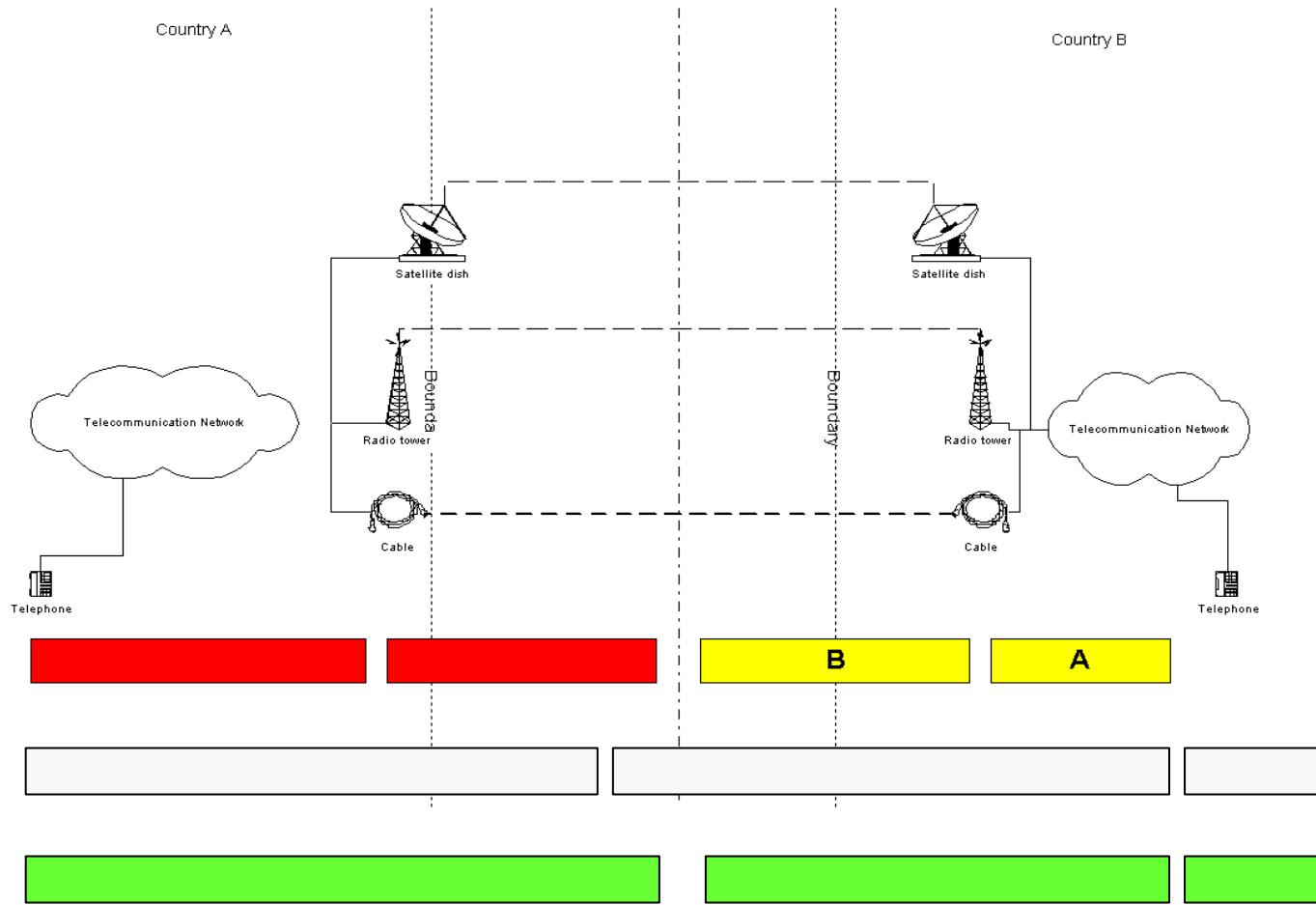




Asymmetric settlement rates

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The accounting rates regime and the market

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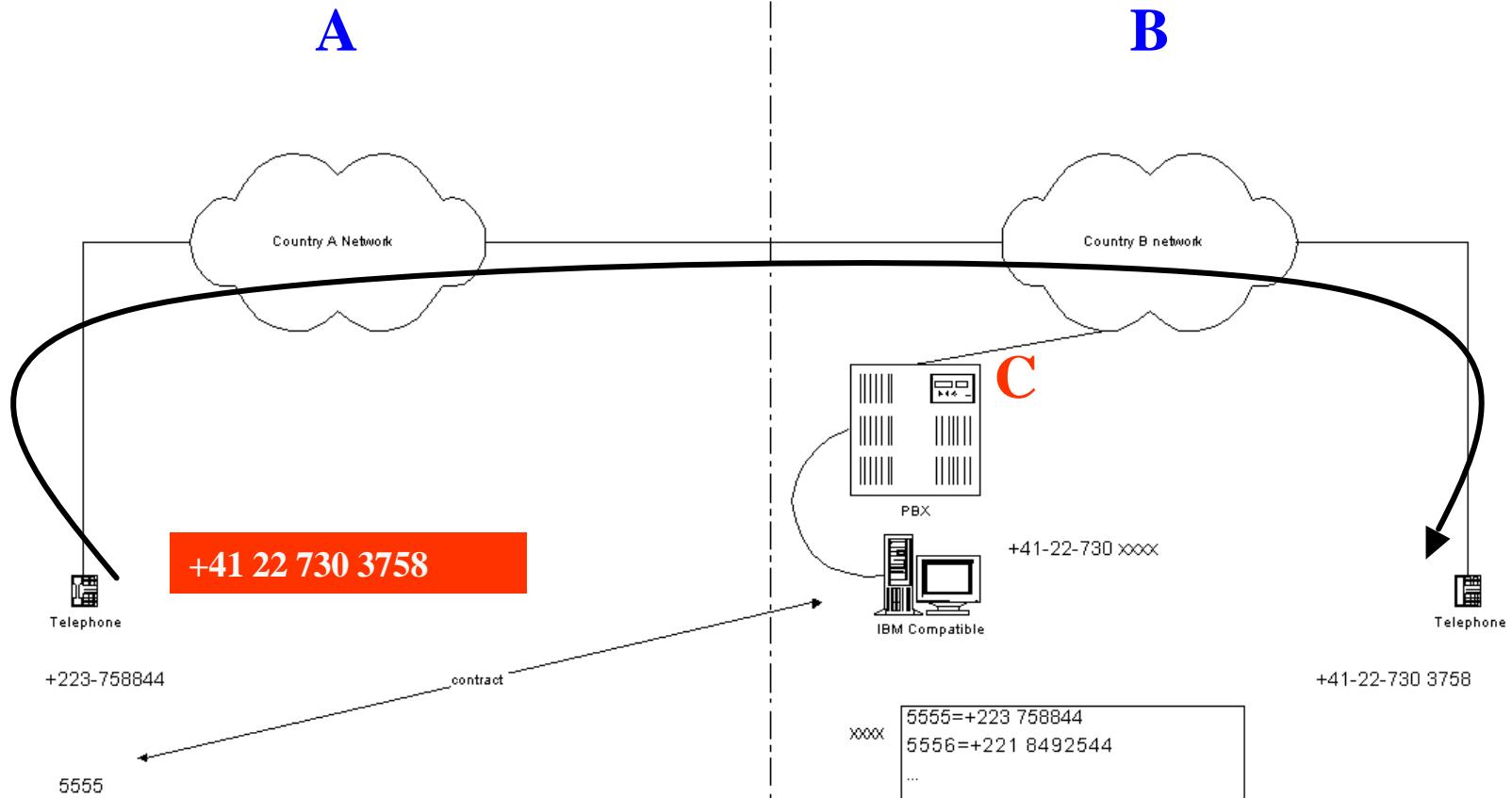
- Bilateral negotiations between network operators
- possible differences in the rates offered to two foreign operators of a same country (ex.: an operator in a given country offering different rates to ATT and SPRINT)
- transparency and non-discrimination
- recommendation D.140
- new in recommendation D.150
 - *settlement rates*
 - *termination charge*
 - *free commercial agreements*
- burning issue: D.140 Annex E



Callback

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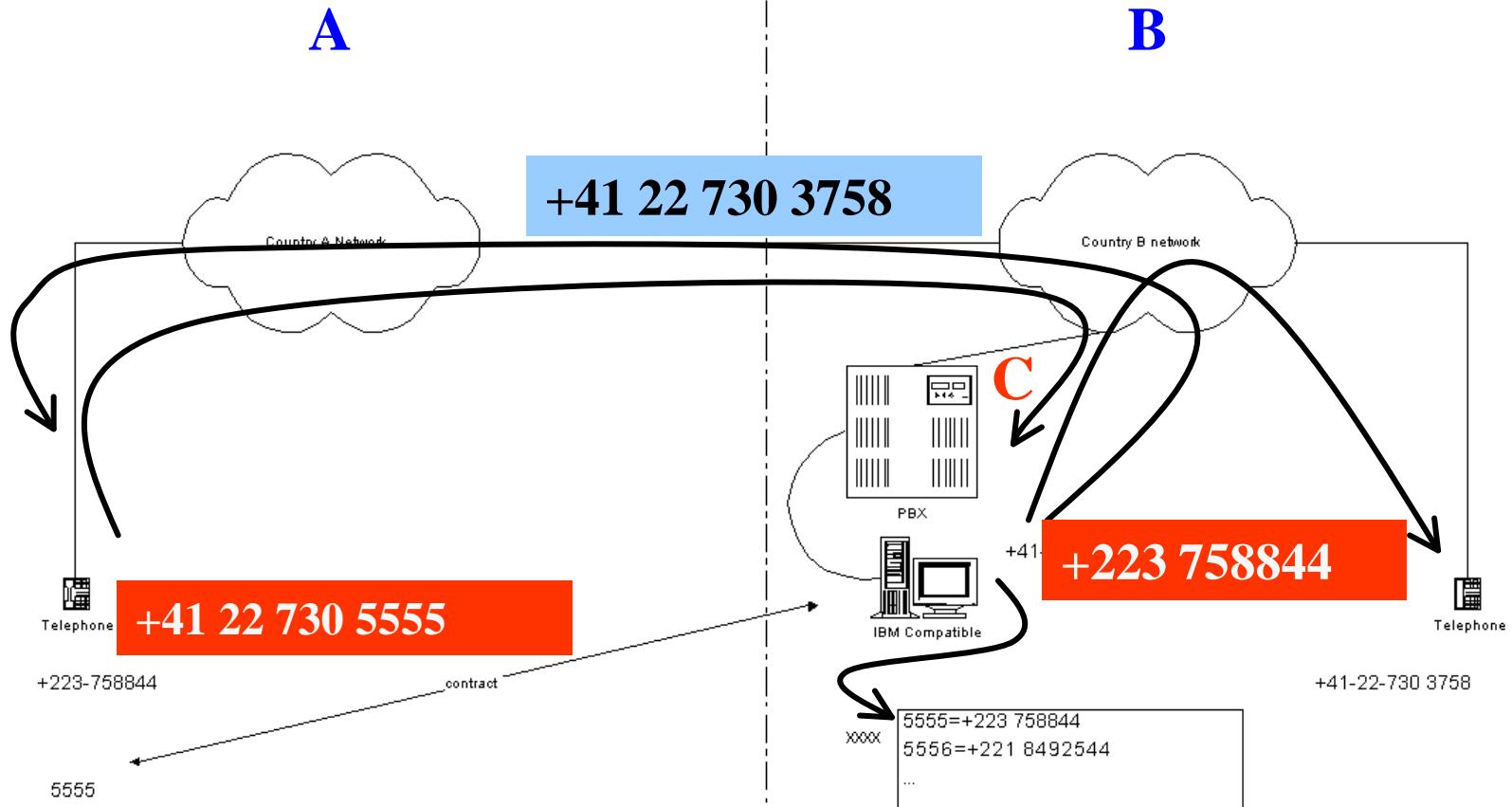




Callback

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More call-back

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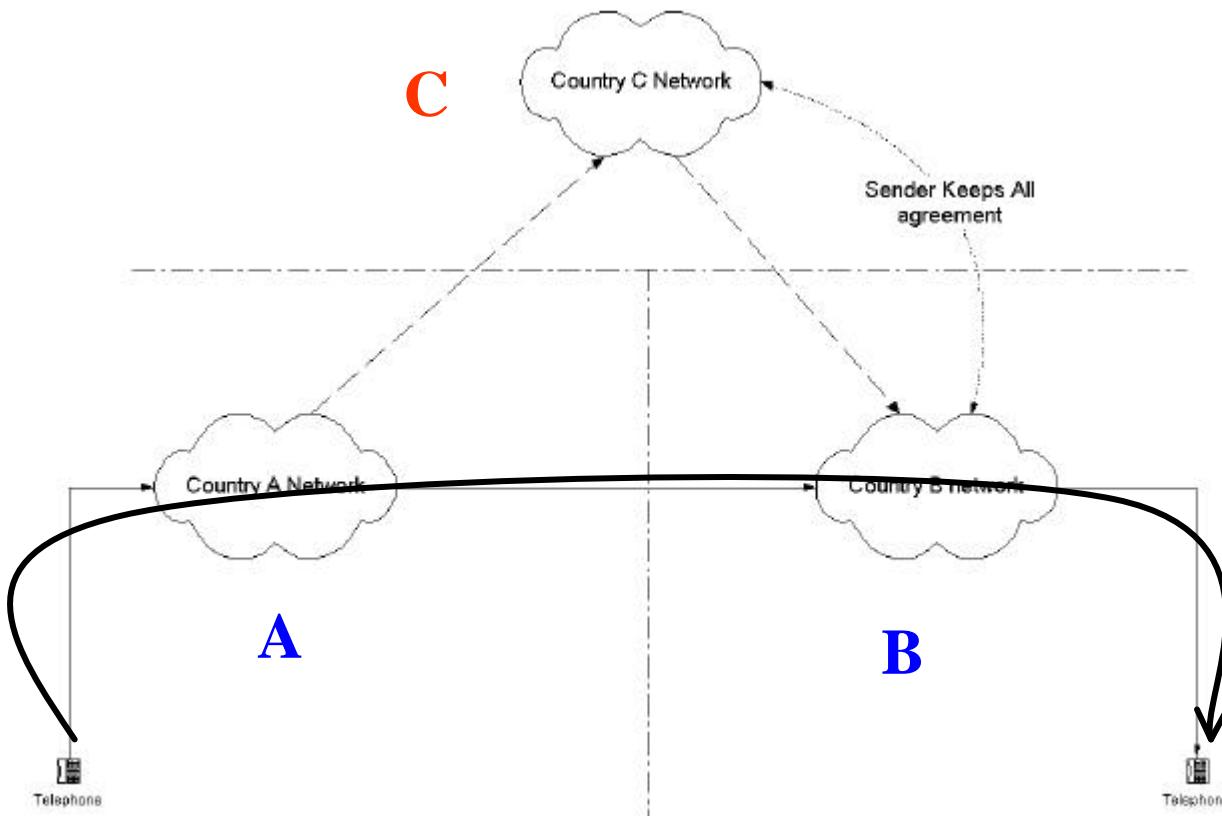
- Network capacities used free of charge
- risks on quality of service
- transfer of VAT
- most of the countries have banned call-back in their market
- decreasing impact as the collection rates go down



Refiling

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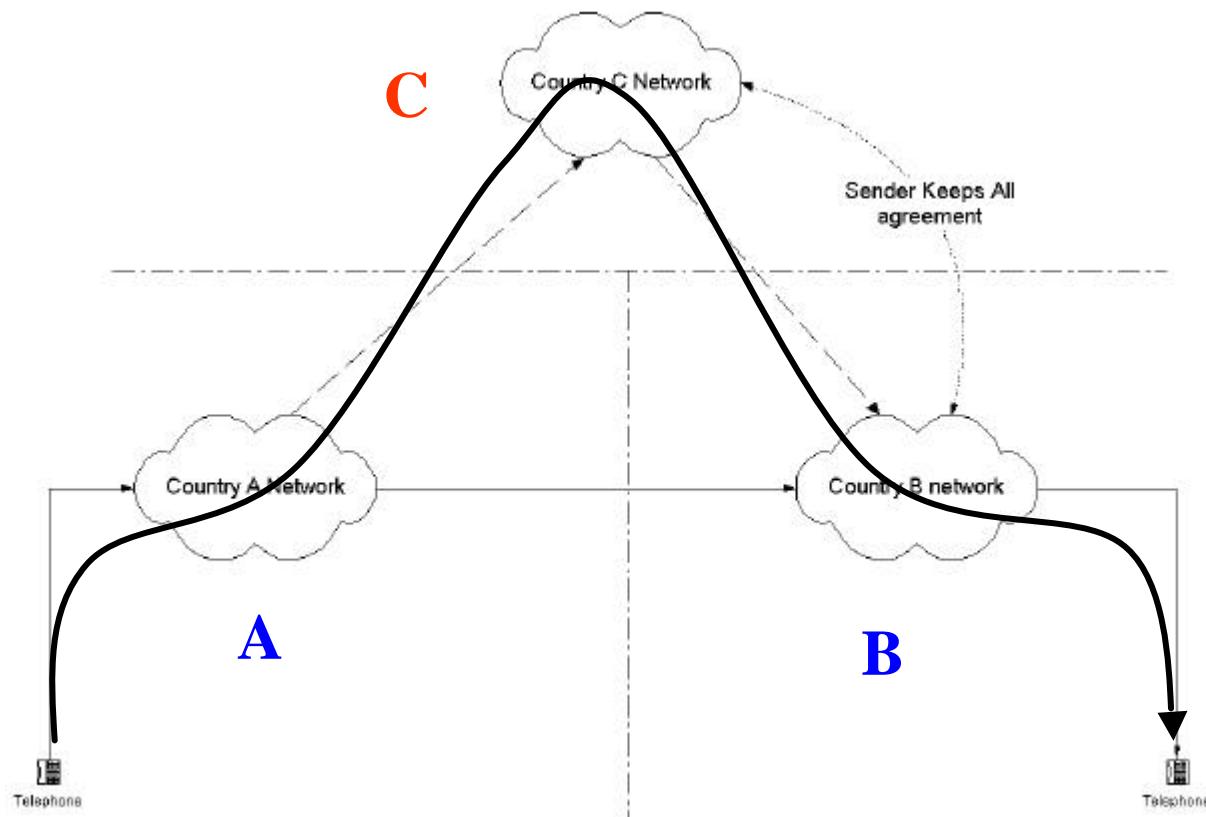




Refiling

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More refiling

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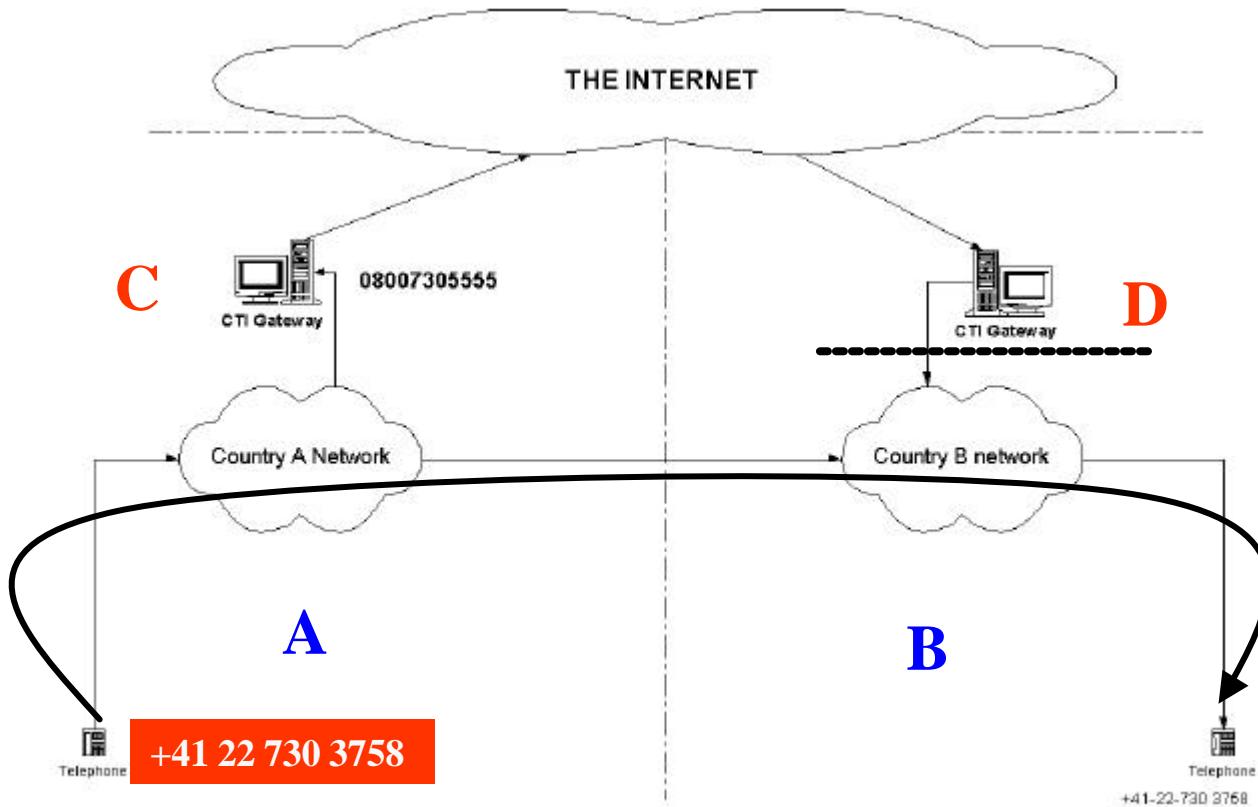
- Least cost routing is a market demand
- Sender Keeps All may exist due to close relationship or as a tangible expression of a political will
- It can be damaging to both parties
- Cost orientation may be the solution



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Internet by-pass

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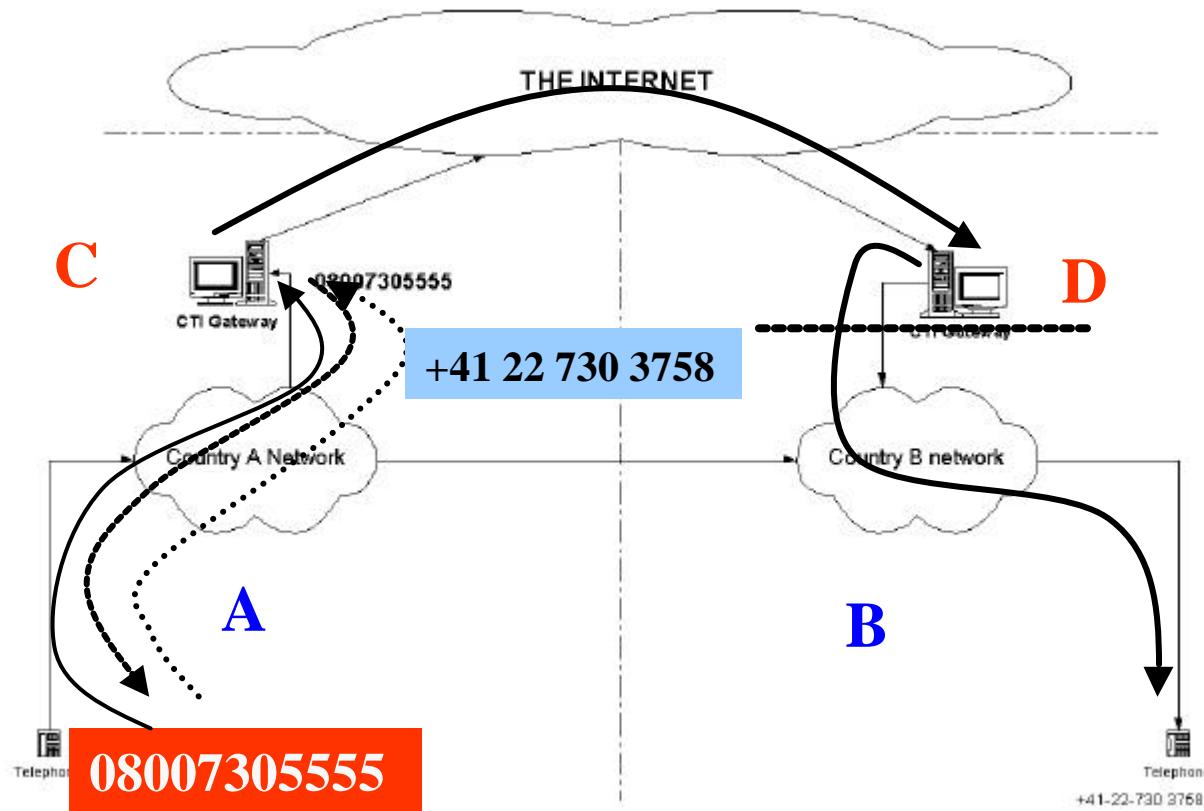




Internet by-pass

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Innovations and Settlements





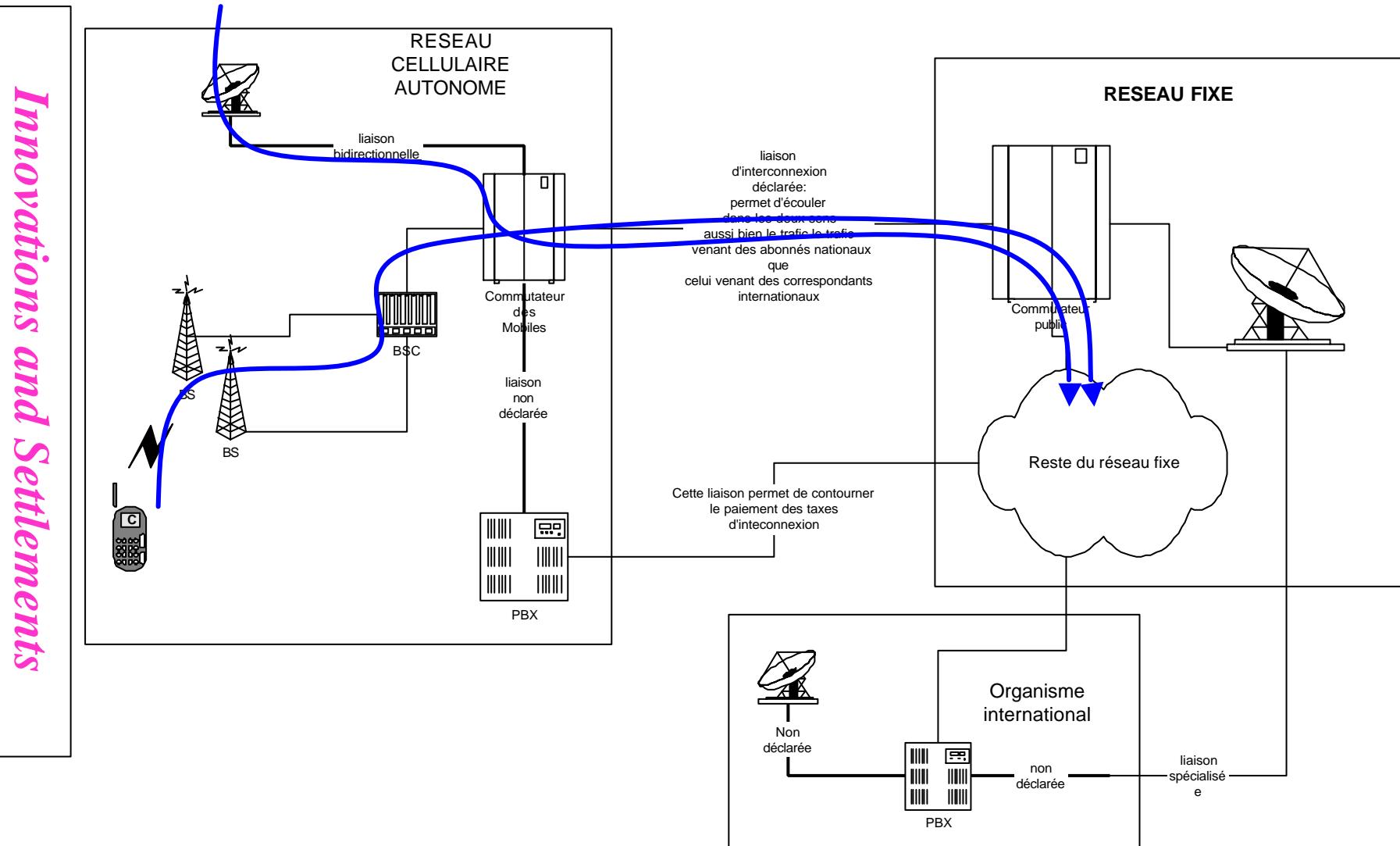
More internet by-pass

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- New technology and market reality
- agreements signed between A and C, and between C and D.
- **the relation between D and B should be based on interconnection rates free of subsidy.**
- Burning issue: D.iii

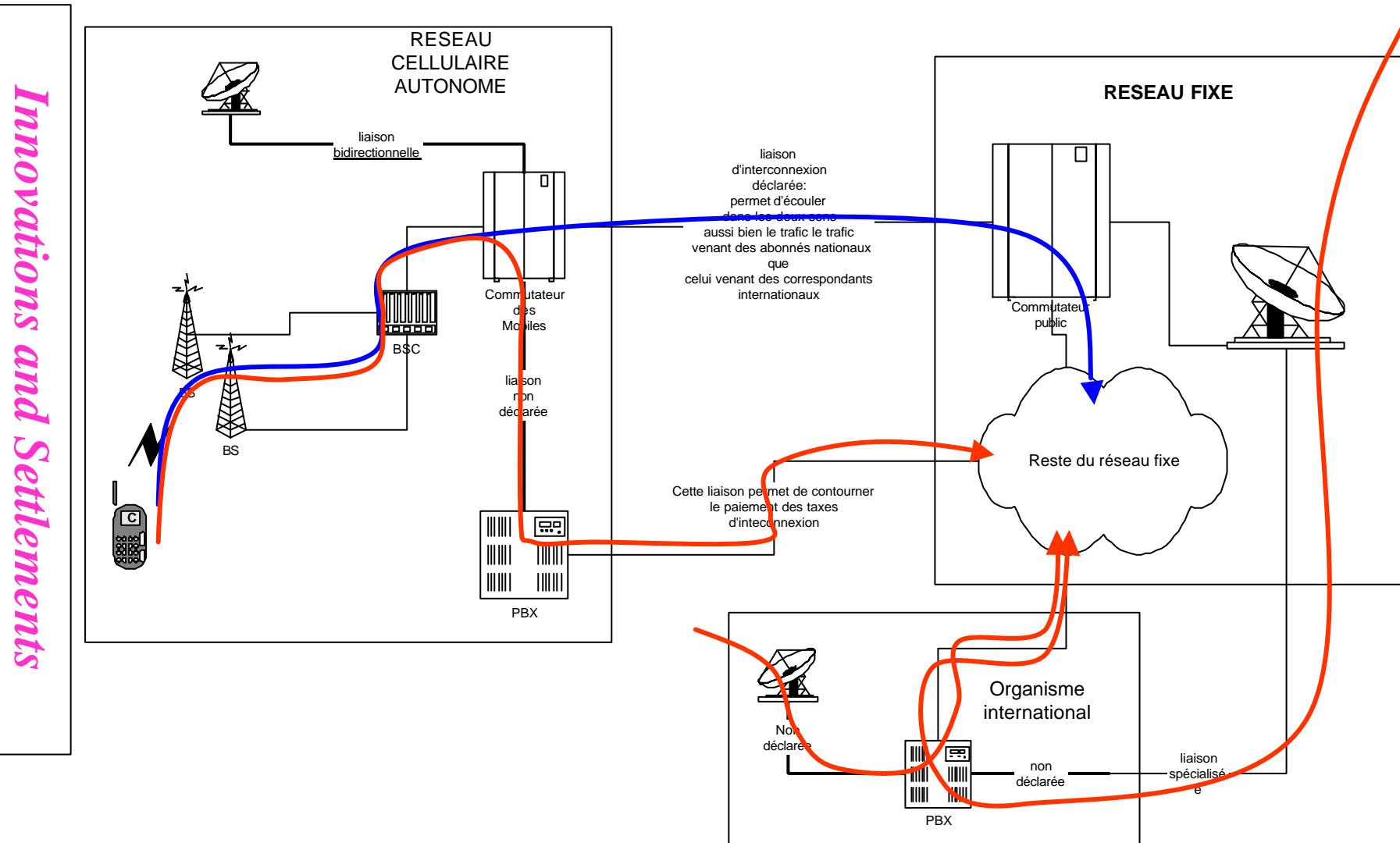
Interconnection by-pass (continued..)

Quelques moyens de contournement des conditions d'interconnexion



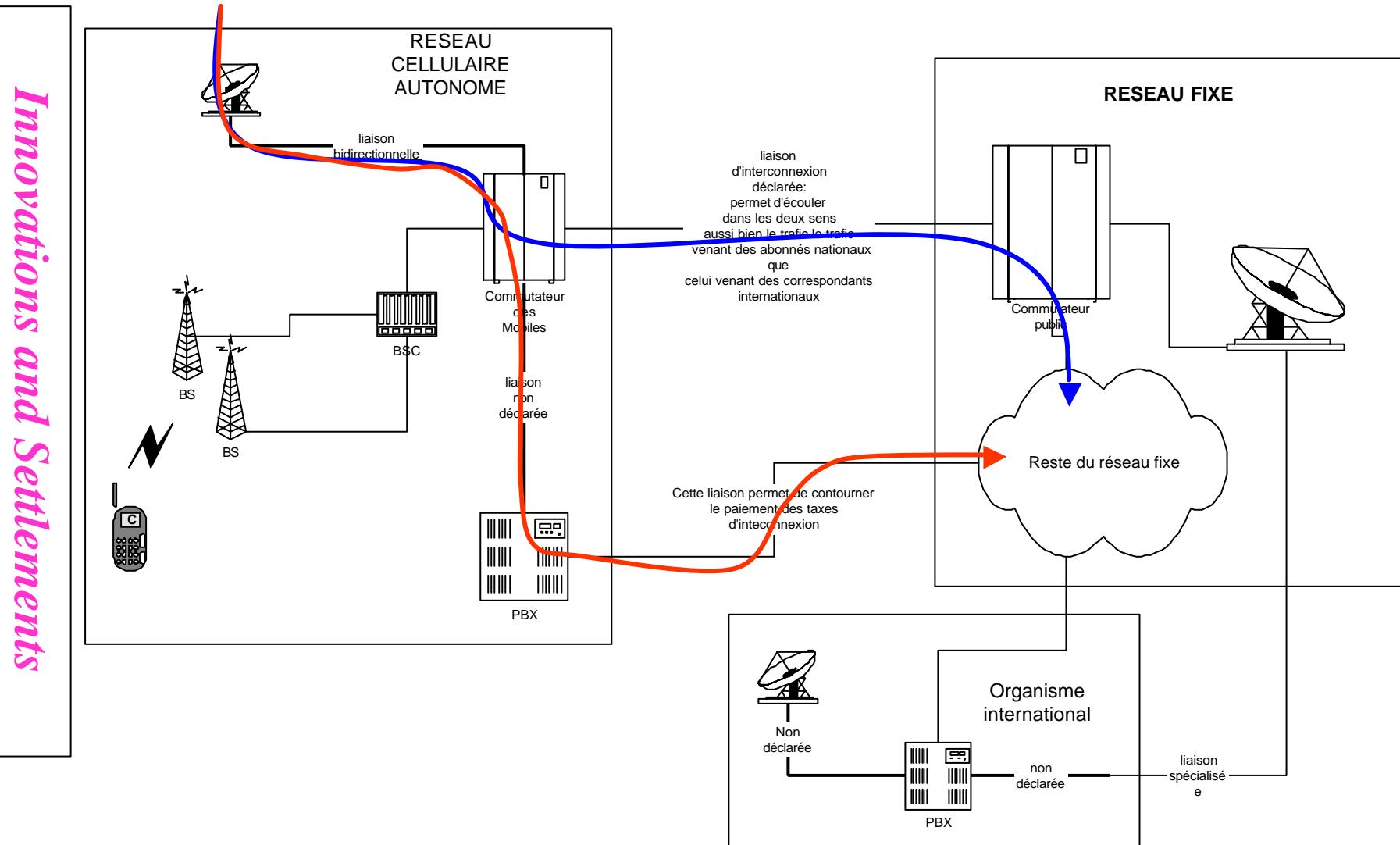
Interconnection by-pass (continued..)

Quelques moyens de contournement des conditions d'interconnexion



Interconnection by-pass (continued..)

Quelques moyens de contournement des conditions d'interconnexion





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- The technology makes it possible to deliver calls through divers pathes
- Some pathes may include subsidised costs and be attractive for unauthorised use (e.g.: Simple Resale)
- The future IP based public networks will be able to identify and measure the services, thus provide tools for fair and equitable settlement arrangements



Conclusion

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The whole settlement system is moving towards cost orientation. The use of transparent cost models as recommended by the ITU will be more and more mandatory for both regulators and service providers.