



# International Mobile Roaming Services

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## *IMRS: the problem*

- Bill shock: A US Federal Communications Commission survey in 2010 found 1 in 6 mobile users—30 million Americans—had experienced "bill shock," a sudden and unexpected increase in monthly cellular bills. Out of 764 "bill shock" complaints filed with the FCC in the first half of 2010, 20% were for bills of more than \$1,000, and one was for a \$68,505 bill;
- Bill shock is the **result** of high international roaming prices, not the problem;
- High IMRS retail prices are also largely the result of high IMRS wholesale prices (wholesale rate about  $\frac{3}{4}$  of retail?);
- The **problem** is that the IMR service market is not contestable – there is insufficient competition & difficult to create sufficient competition ...
- ..and complicated because it is also a cross-border issue: the service operator in a roaming country (country B) controls access by a visiting subscriber (country A) when that subscriber roams in country B;
- A regulator from country A only can regulate the retail margin imposed by their national operators on wholesale charges from country B. But retail charges are usually only a small proportion of high IMRS charges;



# *Cost factors in making/receiving a call to/from home country*

- Common: Retail specific costs, roaming specific costs, international transit
- Mobile origination/termination in visited country
- Fixed/mobile termination in home country

| Mobile Roaming charges to/from France (€/min.) |         |              |
|--|---------|--------------|
| Countries: Kms from France                     | Call to | Receive from |
| 500 - 1800                                     | 0.34    | 0.34         |
| 8000   | 0.34    | 0.34         |
| 8600   | 2.9     | 1            |
| 8800   | 1.75    | 0.3          |
| 10800  | 2.5     | 1            |
| 15200  | 0.5     | 0.3          |



## *Widespread initiatives*

- Recognition of problem of high IMRS prices in most regions but different pace in searching for resolution;
- Action at bilateral, regional and international level;
- Companies reacting to pressure: lowering prices, special roaming packages;
- Regulators taking action;
- Technology developing & substitutes diffusing;



## *Four main types of action*

- Empowering users – potential reduction in IMRS charges and bill shock;
- Maximising competition in market including facilitating substitutes;
- Regulation of prices;
- Structural solutions aimed at developing effective wholesale and retail price competition –complex and requires intrusive regulation but can lead to a longer term solution and lifting of regulations;



## *Empowering users*

- Inform users of high roaming prices so that they change consumption pattern when roaming;
- Easy access to the prices they will pay when roaming;
- Simplicity, clarity & accessibility of information
- How to disable data roaming applications;
- Informed on arrival at destination of roaming charges;
- Pre-determined caps for data roaming & information on when limit is being attained;



## *Price Regulation*

- Government authorities need to have legal power to enforce such regulation;
- Regulate wholesale rates or retail rates, or both?
- Transparency of wholesale prices;
- Action only against wholesale rates assumes market is working & will pass on price reductions to end users;
- Experience shows that this happens but very slowly;
- Action against retail could lead to margin squeeze;
- Action at wholesale & retail level has rapid results;
- Regulation lowers prices - does not solve problem ( & look at tax treatment of IMRS - avoid double taxation (look at ITRs));



## *Role of regulators*

- Regulators could encourage substitutes to IMRS;
- Regulatory/consumer authorities could provide a dedicated web site providing information on international mobile roaming substitutes including any drawbacks these substitutes may have;
- Regulators could allow the development of VoIP services and applications in their countries that can help in facilitating international mobile roaming services;



## *Regional/Bilateral Initiatives*

- European Union;
- Arab Regulators Network;
- Communication Regulators' Association of Southern Africa;
- APEC TEL;
- ASEAN;
- The Caribbean Community;
- Singapore and Malaysia; Brunei Darussalam and Singapore; Australia and New Zealand; Finland-Russia and Poland-Russia;
- In general bilaterals more rapid than regional or multilateral initiatives;



## *Structural Measures*

- Separating home and visited market. Implies that a subscriber can choose an IMRS before leaving home country (keep number);
- " Local break out" for mobile data services allowing visitor to choose a data service provider in visited country;
- Creating IMRS as a separate market - allow domestic MVNOs to have access to network resources in the home market and agree with the authorities of visiting countries that these MVNOs have access to visiting country telecommunication markets on a non-discriminatory basis;



## *Cross-border agreements*

- Domestic ICT regulators do not have any jurisdiction over wholesale rates –need to cooperate with other regulators/Ministries;
- Bilateral or regional agreements: some concern regarding *most favoured nation* obligations;
- Bilateral agreements should be made open to third countries that agree to meet the same terms and conditions as the initial bilateral partners;
- Global agreement would be the preferred way forward, but slowest & most difficult;



## *Criteria for agreements*

- Need to be clarify responsibility of regulators, methodologies used & data requirements for monitoring IMRS markets. Could provide scope for structural measures if needed;
- Could provide for 3rd party membership if they meet stipulations in agreement & can enforce & monitor them;
- EU consideration could be given to allow non-EU participation in framework if participating countries can legally ensure full compliance with framework;
- WTO may need to determine the applicability of existing commitments to IMRS & encourage regional economic integration agreements covering telecom to open up the mobile roaming market to competition;
- The ITU can help in developing and diffusing best practice regulation for IMRS, notably in revised ITRs, and in particular acting as a forum to exchange experiences based on the lessons learned by those countries that have already moved forward and taken action to lower prices and develop competition in IMR markets;