



INTERNATIONAL MOBILE ROAMING

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The Role of Regional and International Organisations

Day 3: 29 Oct 2015 Session 9

Industry approach

Challenges

International approaches

Conclusions



Evolution to cellular networks

A bit of history

In 1893, radio communication was invented by Nikola Tesla and Guglielmo Marconi.

Tesla made the first public demonstration of wireless (radio) telegraphy; Marconi conducted long-distance (overseas) telegraphy in 1897.

In 1940, the first walkie-talkie was used by the US military.

In 1947, John Bardeen and Walter Brattain from AT&T's Bell Labs invented the transistor.

On April 3, **1973**, Motorola employee Marty Cooper made **the first mobile phone call**.

AT&T introduced commercial radio communication: car phone – two-way radio link to the local phone network.

In **1979**, **the first commercial cellular phone service** was launched by the Nordic Mobile Telephone in Finland, Sweden, Norway and Denmark.



Industry approach

Industry position on roaming regulation

Why retail transparency is important



Industry position

- Roaming prices have attracted the attention of National Regulatory Authorities
- Some seek regulation of roaming and roaming price caps
- Industry position: International mobile roaming is a valuable service delivered in a competitive marketplace
- Price regulation is not appropriate, as the market is delivering many new solutions



Industry position

- Governments and regulators should only consider price regulation as a last resort:
 - After transparency measures and innovative roaming pricing have failed to address consumer complaints
 - After structural barriers (double taxation, international gateway monopolies and fraud) have been removed
- The costs and benefits of regulation must be carefully assessed, taking into account unique economic factors, all of which have an impact on IMR prices, such as:
 - national variances in income;
 - GDP;
 - inflation;
 - exchange rates;
 - mobile penetration rates;
 - the percentage of the population that travels internationally;
 - incidence of international travel to neighbouring countries

Unique challenges faced by region

Factors to consider

Region is different to other roaming markets such as the EU

- Different countries in the region are at different stages of development. Single regulation across the region is challenging due to differences in inflation rates, currency exchanges, labour costs, GDP/head variations and other factors
- Some countries are starting from low penetration rates

The market is growing rapidly

- Mobile market is rapidly expanding but roaming is just emerging; ratio of international trips to population 20x lower than the EU
- Growth in tourism, business travel and prepaid accessibility will drive roaming usage

The market still faces some challenges...

- Non-liberalised IGW's inflate end-user prices
- High level of taxation such as SIIT
- Eradicating fraud and ensuring widespread prepaid roaming require further investments

...but market trends are positive and the industry is committed to taking the lead

- High outliers are in decline but are still an issue. Operators continue to develop innovative offers. Some operators offer consumers tariffs in line with visitor country local prices
- Operators are investing in prepaid route availability and interoperability
- Operators are committed to improving consumer transparency



International Telecoms Regulations

- In December 2012, during the revision by the ITU of the International Telecoms Regulations (ITRs), several governments requested that the revised treaty include provisions on transparency and price regulation for mobile roaming
- However, on balance, ITU Member States concluded that roaming prices should be determined through competition rather than regulation, and text was included in the treaty to reflect this approach
- Governments across the world decided on a consensus basis not to include or specify cost based roaming provisions within the Treaty
- ITU Roaming Recommendation D.98



GSMA Roaming Transparency

- Transparency measures are designed to assist customers with controlling their roaming charges while travelling. Focus on three areas:
 - Welcome SMS with retail roaming tariff information
 - Monthly roaming financial/usage limits
 - Temporary cut-offs when limits are exceeded



Roaming Retail Price Transparency

- GSMA encourages relevant transparency measures to customers of roaming tariffs so customers know prices and to address the issue of bill shock
- Why ?
- Provides greater visibility of roaming charges through e.g. pricing notifications
- Helps customers better manage their usage while travelling abroad by informing them of the cost of voice, messaging and data services
- Introducing monthly roaming financial limits can help to address the issue of bill shock



Conclusions

- A wide variety of approaches around the world to increase retail price transparency
- Generally, where there has been a focus on transparency, this has led to increased consumer choice and competition, delivering a positive impact to consumers e.g. better offers predictable prices
- Evolution of tariffs drives usage and meet customer need e.g. through lower prices
- The experience of price regulation is more mixed. There have been unintended consequences, particularly in Europe e.g.,
 - Prices may track regulation; innovation muted — but see latest offers
 - Elasticity effect; market shrunk post-regulation
 - Impact on investment
- Positive effects of price regulation most pronounced on wealthier customers negative consequences most pronounced on poor
- Cooperation and collaboration between public and private sectors



THANK YOU

