LET'S ROAM THE WORLD

International Mobile Roaming (IMR) Consultation Meeting

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- SAMENA Telecommunications Council is a trade association (a multi-continent telecom consortium) that represents telecommunications operators and service providers in South Asia, Middle East and North Africa. The council was founded in 2006 and its operational office is based in Dubai, United Arab Emirates.
- SAMENA collaborates with leading non-profit INPOs, including ITU, ETNO, GSMA, FTTH Council and Arab League among others.
- SAMENA aims to be the ultimate promoter of telecom innovations in its member regions and a facilitator for collaboration and knowledge-sharing between regional telecom entities such as operators, vendors, manufacturers, entrepreneurs, educators, R&D experts, and regulators, aids effective resolutions to technical, economical, and legal issues in regions where tough economical and regulatory environments prevail.

Common Roaming Challenges

- Widely recognized that the prices of IMR tend to be greatly in excess at both the outbound and inbound levels. This is a burden on societal efficiency.
- There are three particular reasons for this consequence :

1. Quasi-oligopoly in the market
2. Cross-border IMR service and regulatory variety.
3. Low price elasticity of demand for roaming voice calls than roaming data

Roaming Regulations in SAMENA Region

GCC

The Arab World concerned international roaming regulatory first in 2005 to limit the retail mark-up added to wholesale charges to 15% and to introduce full consumer price transparency.

In 2006, the Council of ICT Ministers agreed that Arab national regulators at national level should impose obligations on operators that included

1. Reduction of international roaming retail tariffs to a level in accordance with global norms
2. Lowering of Inter-Operator Tariffs (IOTs) in bilateral negotiations
3. SMS transparency measures

In 2007, the Arab Regulators' Network (AREGNET) drafted a recommendation on roaming to pursue industry for self-regulation as a response to Zain's One Network expansion. Further work was done throughout 2008 and 2009, and the outcome of that was a mandate to mobile operators for sending a welcome SMS informing customers of retail roaming prices.

In 2010, GCC Ministrial Committee published a new Roaming Regulation to take full effect as of 1st February 2012. A price cap was introduced on local and international calls.

On 13rd November 2014 GCC Roaming Working Group launched a Consultation Document concerning IMR (voice data, SMS, MMS video call etc.) across GCC Region. Ministrial Committee approved the recommended regulations on 9th June 2015.

Roaming Regulations in SAMENA Region

NORTH AFRICA

Significant regional differences. Zain's the One Network tariff plans in North Africa, the Near East and the Persian Gulf. It has been met with commercial responses from a number of operators in Egypt, Bahrain, the Kingdom of Saudi Arabia and UAE (including Orange and Vodafone).

Operators change roaming tariffs frequently. The price differences between different networks are vast, even within the same country.

On 3rd February 2005, African Telecommunications Union Project to develop a single SIM card usable right across the African continent.

SOUTH ASIA

Many of the countries adopt self-regulation based on market force when it comes to IMR tariff.

Malaysia and Singapore adopted EU style model of imposing wholesale and retail price caps on voice and SMS.

ASEAN Ministers announced in January 2011, the ASEAN Master Plan 2015, with intention to adopt measures to reduce roaming tariffs within the member countries.

Critical Issues in IMR Regulatory in SAMENA Region

- One of the most acute problems in the industry for many years is excessing roaming prices. Roaming has always been referred to be over-expensive or costy by the subscribers and evidently – they were right.
- Many people face bill shocks after coming back from a business trip or a vacation abroad, It is so frightening that even when people are still abroad, they start to count their minutes not to see the too-many zeros in their bill. Majority of the subscribers are not using data services and internet abroad at all. The reason has been quite understandable - it is simply very difficult to stop data usage of a smartphone and turning off data sounded like the best option.
- This costy structure also have strong effects on operators. First of all, subscribers are always complaining about high prices, and it is a good reason for churn.
- Secondly, operators have to make routine refunds to the subscribers because it is not easy to defend the high bills for whatever reason. Therefore the telecom industry, which has managed roaming business like a cash cow is now at a crossroads and only the ones who adapted themselves to today will manage to survive in subscribers’ point of view.

Competition And Fairness Driven Solutions

- For roaming prices to go down, inter-operator unit costs need to also go down. So that operators can manage their EBITDA together with this new approach.
- Dilemma: Revenue is also an important asset and the cost of one operator is the revenue for the other. So if something is beneficial for one party, it doesn't work for the other. At this point, a smooth solution may be to assign equally multiple capacities to each other and make similar payments. So that the P&L of both parties will not be affected and there will be room for subscribers to consume more.
- The expected outcome of this concept is bigger roaming packages, higher revenues and more and more usage.
- It is irrepressible that the subscribers will ask for more usage and this looks like an effective way to provide it.

Regulation Driven Solutions from the operator's perspective

- Roaming regulation not to lead to negative impacts on domestic markets
- Roaming regulation not to lead to operators incurring losses on the provision of roaming services, recognising different cost basis for roaming services
- Roaming regulation not to create arbitrage, fraud, and national security risks
- Roaming regulation to be left to operators to regulate through commercial negotiations
- Roaming regulatory intervention to be introduced only where there is evidence of market failure
- Regulators to provide credible evidence that roaming regulations will lead to more economic and social integration or greater use of the service
- If regulators intend to interfere in roaming regulation, such interference to be through encouraging operators to lower prices and not to opt directly to price caps. Such interference could include:
  - encourage operators to take measures that enhance mobile user awareness (transparency and bill-shock) of tariffs when they travel. This is in line with WCIT recommendations.
  - address structural barriers that increase costs for service providers and mobile consumers, such as double taxation and international gateway monopolies, as well as those barriers that hold back the development of market based substitutes.

Regulation Driven Solutions from the operator's perspective (cont.)

- Price caps to be the last stage of interference. Regulators only to consider price regulation after:
  - other measures have been given sufficient time to conclude there is a persistent problem that competition will not resolve in the long run;
  - clear evidence shows through detailed impact assessments that fully weigh up the costs and benefits of current voice price cap and proposed regulation and evidence that operators offering roaming services have market power — that is, competition in the market for roaming services (and considering the impact of mobile on the national and wider economy) is limited.
- When regulators opt to introduce Roaming price caps, such caps to be only introduced on the wholesale level and a glide-path to allow for natural competition to occur at the retail level. In this regard, it is very difficult to reach a meaningful, effective and fair wholesale price regulation without removing termination rate inconsistencies between domestic and international termination rates.
- Receiving calls, SMS and data services while roaming to not be regulated because OTT has overcome SMS and Data-LTE Roaming is a nascent.
- The EU roaming regulation/example is not a good example for other jurisdictions unless they intend to reach a single market in telecom which is not the case.

Thank You