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Pricing trends for telecoms services and impact on the perceived affordability gap

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A definition of the Affordability Gap



Using the OECD's definition of affordability as a guide, I am defining the affordability gap as the difference between the cost of a broadband service and the amount an individual is able to pay for that service without impairing their ability to meet basic living costs.



Aim is not to test the definition but to provide a broad framework to discuss observed behaviors of persons in the ECTEL State around use of broadband services and the price of those services.

Do customers perceive an affordability burden ?

Preliminary observations from DIS survey

- There is a significant gap between what could be considered an affordable price and what is reported as being paid by customers
- It appears that customer feel this burden, in all but one member state less than half of respondents believe that at present mobile broadband service is affordable.

	Dominica	Grenada	St Kitts and Nevis	Saint Lucia	St Vincent and the Grenadines
UN 2030 Affordability target	\$46.28	\$47.77	\$101.02	\$57.96	\$49.90
Least expensive prepaid plan	\$110.00	\$105.00	\$100.00	\$125.00	\$105.00
Spend on Prepaid mobile plans	\$127.33	\$91.33	\$137.21	\$78.00	\$81.00
Gap (household payment – affordability target)	\$81.05	\$43.56	\$36.19	\$20.04	\$31.10
Proportion of households that perceive mobile broadband service as affordable	42.1	45.1	56.0	47.2	43.2

Does broadband pricing trends have a potential impact on adoption – preliminary observations

Use of mobile broadband service (%)	Dominica	Grenada	St Kitts and Nevis	Saint Lucia	St Vincent and the Grenadines
Persons who use a smart phone for internet access	86.64	82.25	82.18	86.80	70.37
Person who use a mobile broadband plan to access the internet	43.9	35.3	51.8	42.1	43.2
No-users of mobile broadband stating cost of mobile broadband service a barrier to use (%)	25.6	16.3	17.3	21.6	17.0

- On average 82% of persons access the internet with a smart phone.
- Less than half of those access the internet with a mobile broadband plan.
- Is this linked to the perception of affordability?
- For mobile broadband non-users, cost of the service is a barrier, on average this is up nearly 9 percentage points over 2014 results.

What is affecting mobile broadband pricing ?

What is the value of the service to customer?

All is not lost, there are initiatives to assist from Government, Regulators and service providers



What is the impact of cost on the limited adoption of mobile broadband service



If cost is a significant factor, then how can this be addressed?



What are the contributing factors to the cost of the service?

Network cost
Limited competition
Need for regulatory intervention

Thank you!