



CRAN

Communications Regulatory Authority of Namibia

Stats Newsletter August 2017

Introduction

This newsletter focuses on international trends and their application to Namibia. It highlights the transition of voice traffic carried via regular voice channels compared to this via over the top service (OTT) such as WhatsApp and Skype. In 2017 many Namibian smartphone users will not make any traditional voice calls in a given week and instead call and text via OTTs.

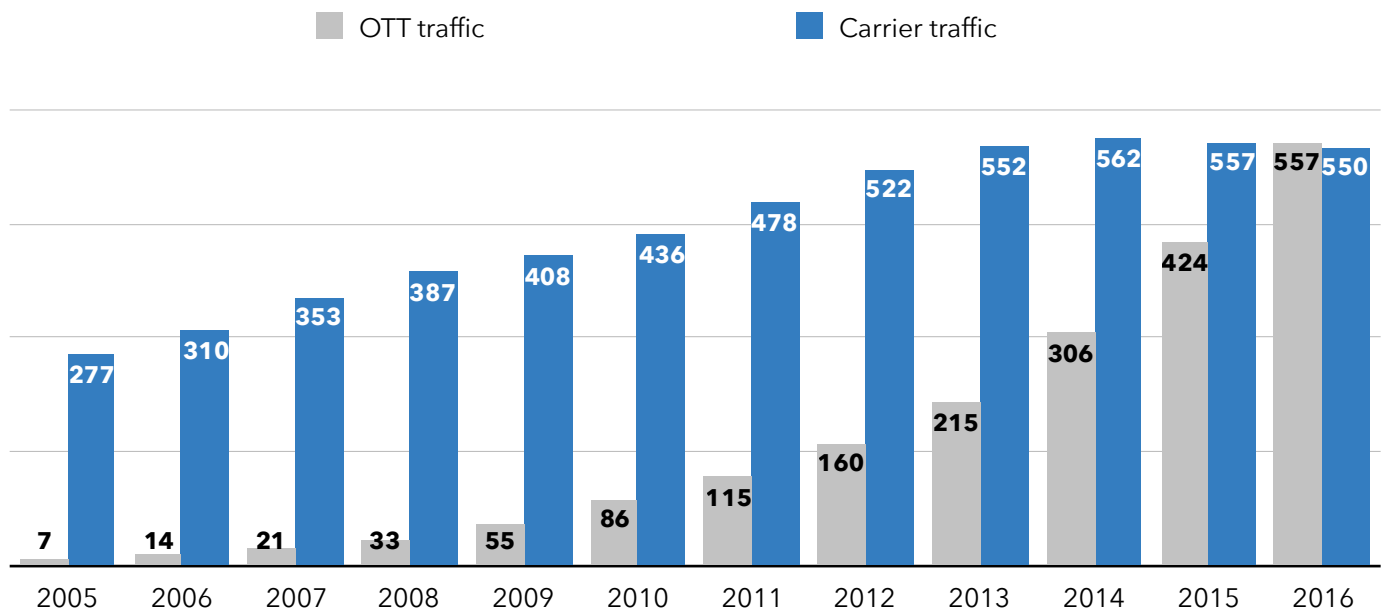


Figure 1: International traffic in billion minutes (Source Telegeography)¹

Telegeography reported that, in terms of international traffic, OTTs overtook globally regular carrier traffic in 2016 for the first time (Figure 1). CRAN does not monitor OTT traffic but can confirm the declining international voice traffic and revenues that are the logical consequence of increased OTT use.

¹ <http://www.dri.co.jp/auto/report/telegeo/files/pdf/telegeography-report-executive-summary.pdf>

Mobile International Traffic

- International incoming traffic continues to decline. The second half of a year usually sees more incoming international calls compared to the first half due to summer holidays in Europe (July to August) and Christmas holidays. This spike did not materialise in the second half of 2016, which may be attributable to Over The Top (OTT) services such as Facebook, Skype and WhatsApp).

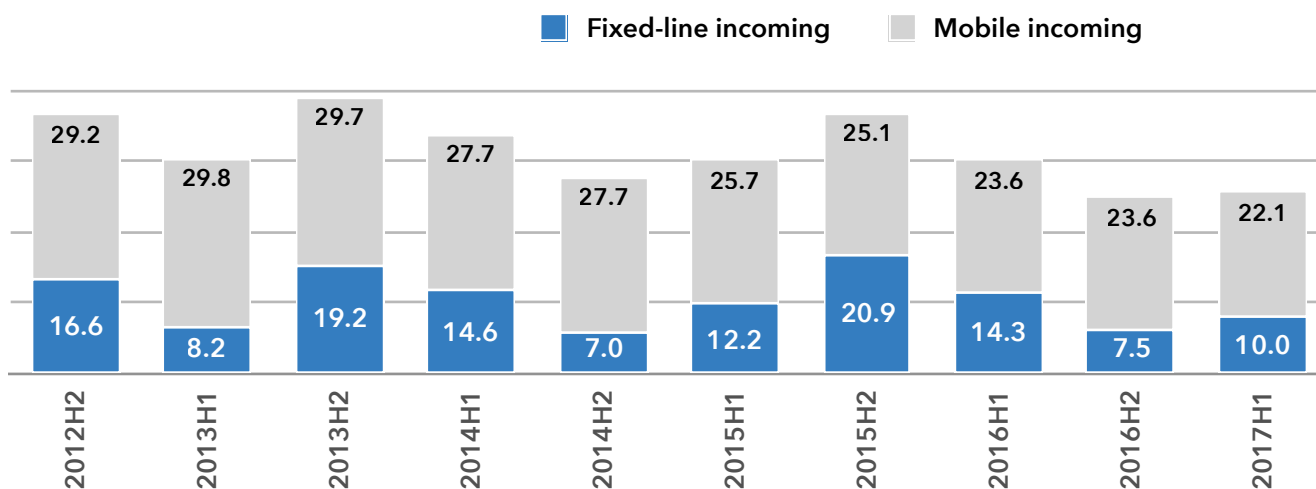


Figure 2: Incoming international minutes in million

- In total, 32 million minutes of international calls were received in Namibia in the first half of 2017. Two-thirds of this were received on mobile phones and one-third on fixed lines.

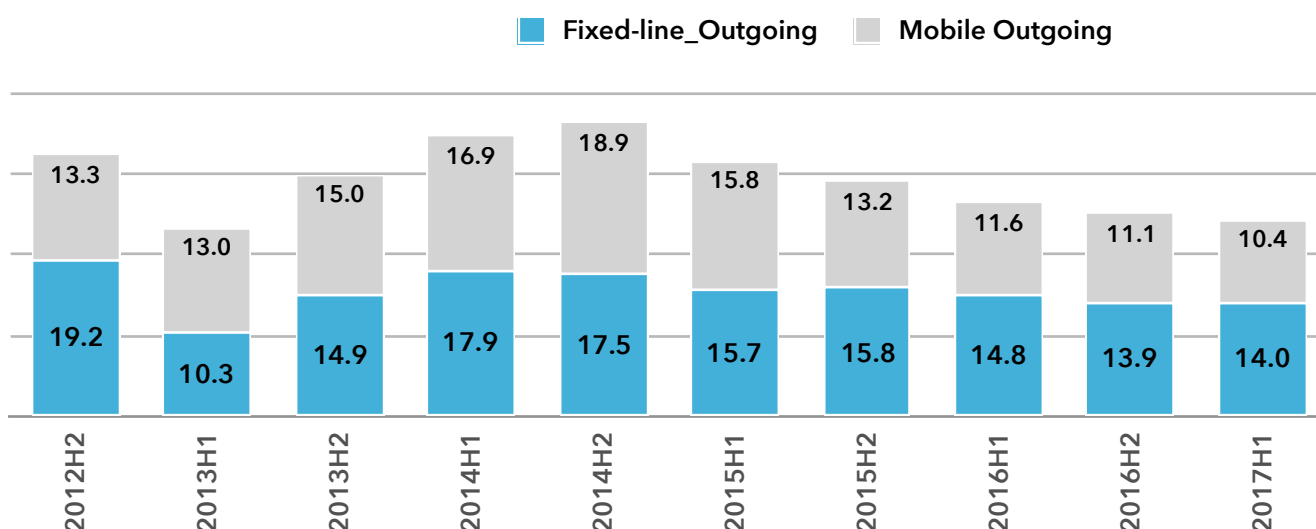


Figure 3: Outgoing international minutes in millions

- For outgoing international calls, fixed-lines are still leading mobile with 14 million minutes compared to 10 million minutes being dialed from mobiles. Mobile outgoing minutes to international destinations peaked in the second half of 2014 and declined since then.

International voice revenues

- Namibia operators in total collected million N\$ 152 in international revenues in 2016, a decline from million N\$ 178 in 2014 and million N\$ 170 in 2015. While fixed international voice revenues declined consistently, mobile initially increased in 2014.

International voice revenues in million N\$	2013	2014	2015	2016
Fixed-lines	86.10	79.61	78.37	71.58
VoIP	0	0.15	0.16	0.66
Mobile	81.54	98.61	91.86	79.99
Total	167.65	178.37	170.39	152.23

Mobile Prepaid Prices

- Namibia ranks **16th** among African countries in terms of cheapest voice and SMS products in a country. Figure 4 compares the cost in USD of the cheapest prepaid mobile product available in Namibia, and in all of Africa, for the OECD² 30 calls/100 SMSs basket between Q4 2011 and Q2 2017.

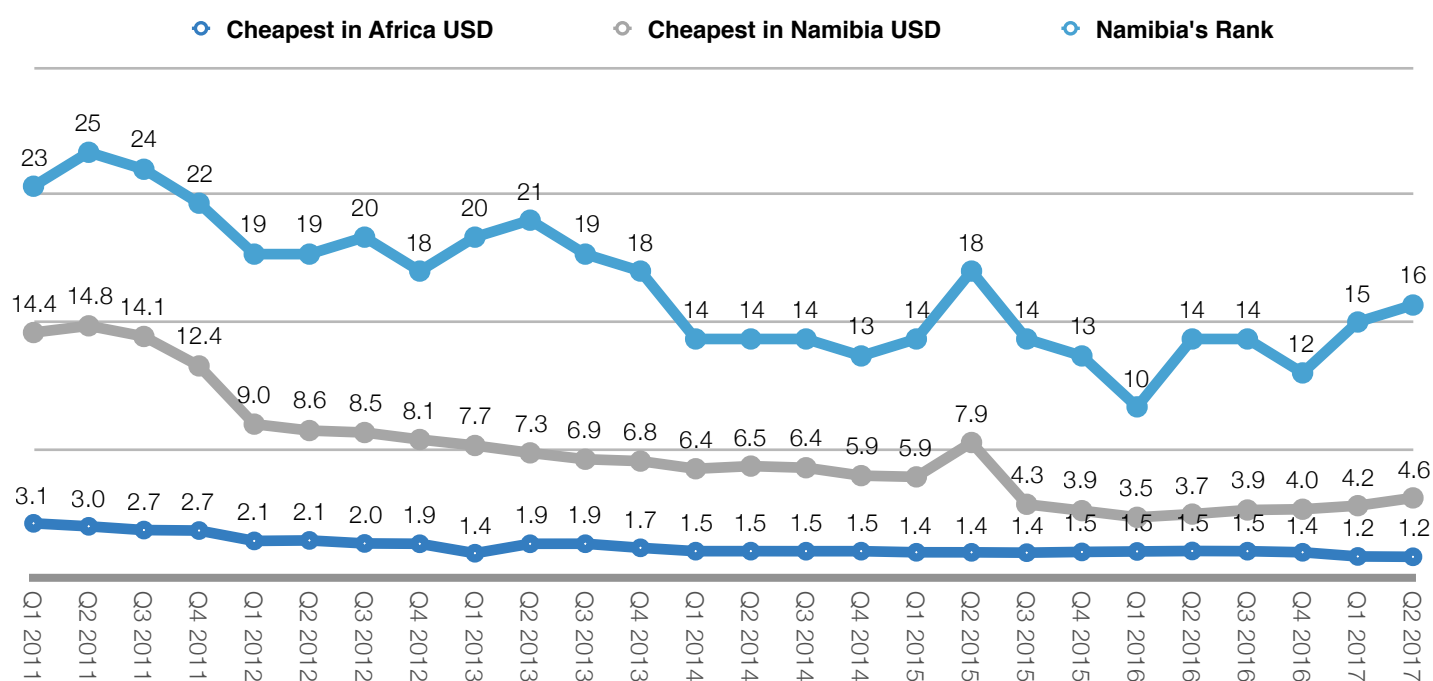


Figure 4: Ranking and cost of cheapest prepaid mobile product available in Namibia and Africa for OECD 30 calls/100 SMSs basket (Source: Research ICT Africa)

- Namibia's cheapest product rank improved from 23rd in Q1 2011 to 16th in Q2 2017. While the ranking has not much improved, prices nevertheless have steadily been coming down in USD until the first quarter of 2016. The price benchmarking uses quarterly average exchange rates

² OECD (2010), Revision of the Methodology for Constructing Telecommunication Price Baskets, OECD Working Party on Communication Infrastructures and Services Policy.

and some fluctuation in end-user cost is caused but by exchange rate fluctuations and not by price.

- Figure 5 displays the cheapest prices of TN Mobile and MTC for the 30 calls and 100 SMSs OECD basket. in Namibian Dollar. MTC's prices have increased in Q2 2017, but MTC remains the cheapest operator for voice and SMS.

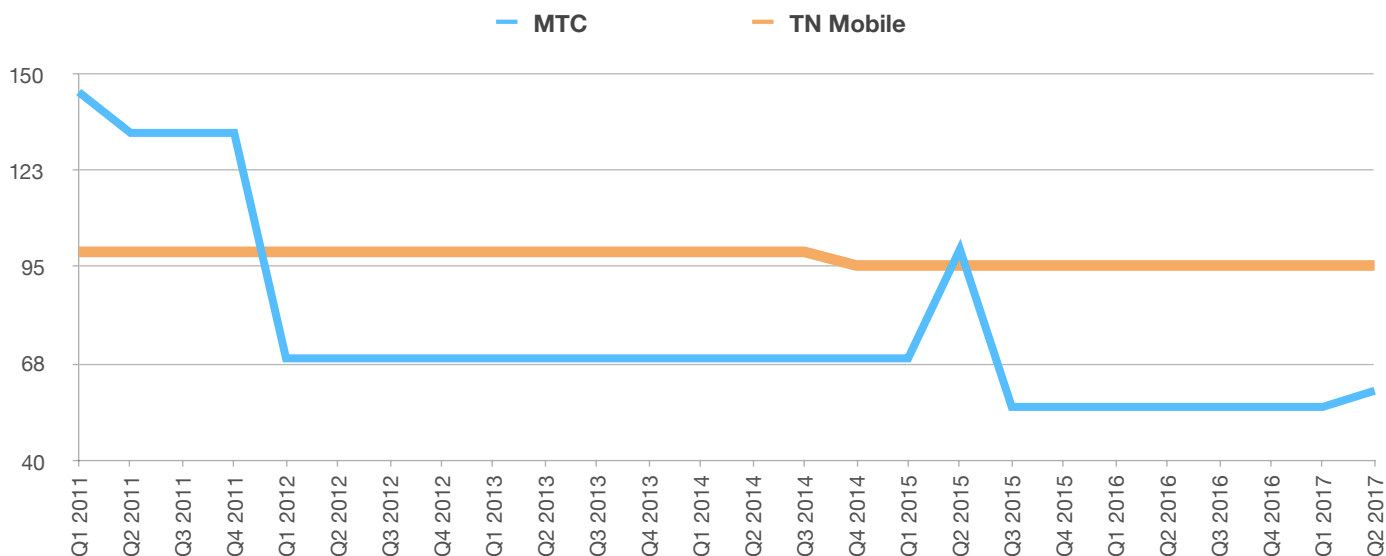


Figure 5: Cost of cheapest prepaid mobile product for OECD 30 calls and 100 SMSs basket by operators in N\$ (Source: Research ICT Africa)

- In terms of prepaid mobile data, Namibia was among the cheapest 10 countries in Africa in 2015 but dropped to rank 21 by Q2 of 2017. This not because the prices increased but because other countries having more effective competition leading to lower prices and faster build out of 4G networks.

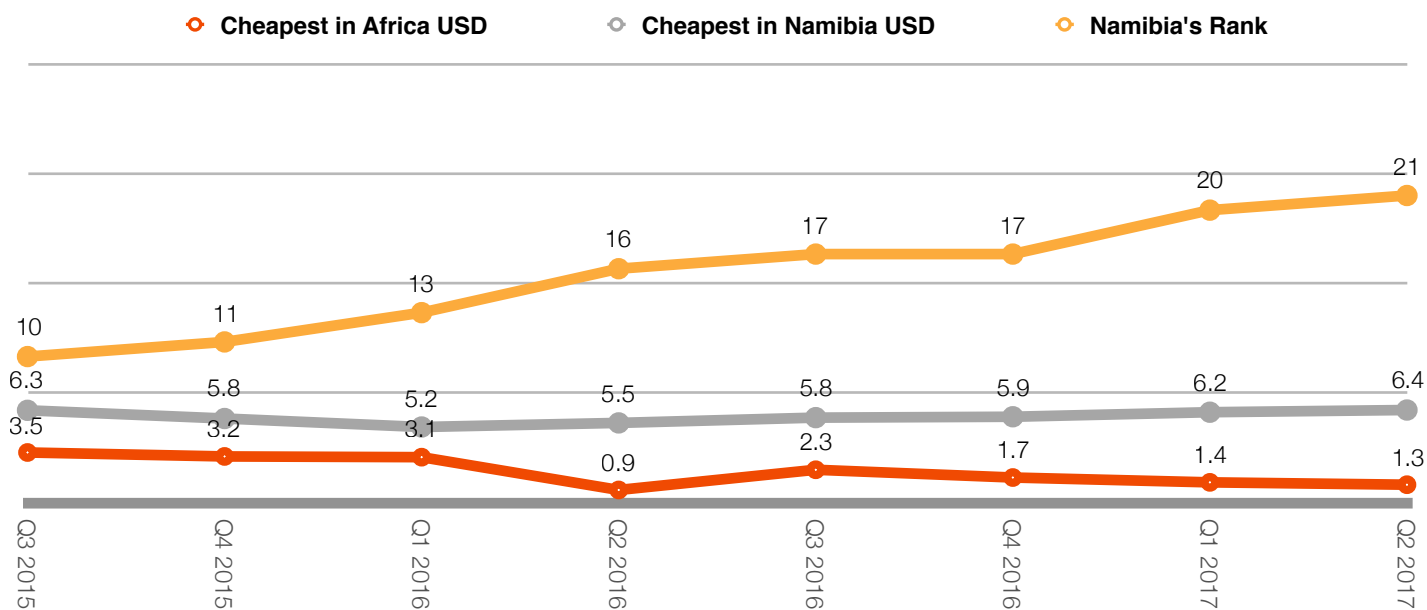


Figure 6: Ranking and cost of cheapest product for 1 GB mobile prepaid data with 1-month validity available in Namibia and Africa (Source: Research ICT Africa)

OECD 30 calls 100 SMS basket	USD	Ranking	1GB mobile prepaid broadband per month	USD	Ranking
Egypt	1.17	1	Egypt	1.25	1
Tunisia	1.66	2	Tunisia	2.04	2
Ghana	2.24	3	Guinea	2.20	3
Nigeria	2.25	4	Tanzania	2.27	4
Kenya	2.30	5	Ghana	2.34	5
Tanzania	2.34	6	Rwanda	2.43	6
Ethiopia	3.03	7	Mozambique	2.71	7
Rwanda	3.04	8	Uganda	2.82	8
Sudan	3.18	9	Nigeria	3.15	9
Mauritius	3.23	10	Senegal	3.26	10
Sierra Leone	3.38	11	Sudan	4.31	11
Guinea	3.76	12	Madagascar	4.86	12
South Africa	3.88	13	Cape Verde	4.88	13
Gambia	4.19	14	Kenya	4.90	14
Uganda	4.23	15	Liberia	5.00	15
Namibia	4.64	16	Cameroon	5.02	16
Madagascar	4.86	17	Morocco	5.20	17
Cape Verde	4.98	19	Burundi	5.34	18
Liberia	5.00	20	Mauritius	5.37	19
Malawi	5.69	21	Gambia	6.06	20
Mali	6.21	22	Namibia	6.35	21
Botswana	6.25	23	Malawi	6.67	22
Burundi	6.40	24	Central African Republic	6.70	23
Libya	6.60	25	Gabon	6.70	24
Cameroon	6.73	26	Niger	6.86	25
Burkina Faso	7.20	27	Ethiopia	7.25	26
Zambia	7.64	28	Algeria	7.36	27
Mozambique	7.91	29	South Africa	7.67	28
Benin	8.08	30	Togo	7.71	29

Conclusion

Namibia is no longer a price leader in Africa, mostly due to a lack of domestic competition. In particular for mobile prepaid data, Namibia slipped in African ranking and 20 countries are cheaper than Namibia.

International call revenues and traffic continue to decline. International voice traffic will eventually be replaced by IP based communication (OTTs).

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