

# Telecom use on a shoestring: Some findings from a study of the Financially Constrained in South Asia

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Usable Knowledge for Growing the Sector:  
ICT Policy & Regulation Research from LIRNEasia  
19 December 2005, Colombo

# Objectives of the Study

- Understand the use of telecom services by the 'financially constrained' in South Asia
  - To what extent do they use it?
  - What benefits do they gain from use?
  - How do they use it?
  - Why do they use it the way that they do?



# Sample

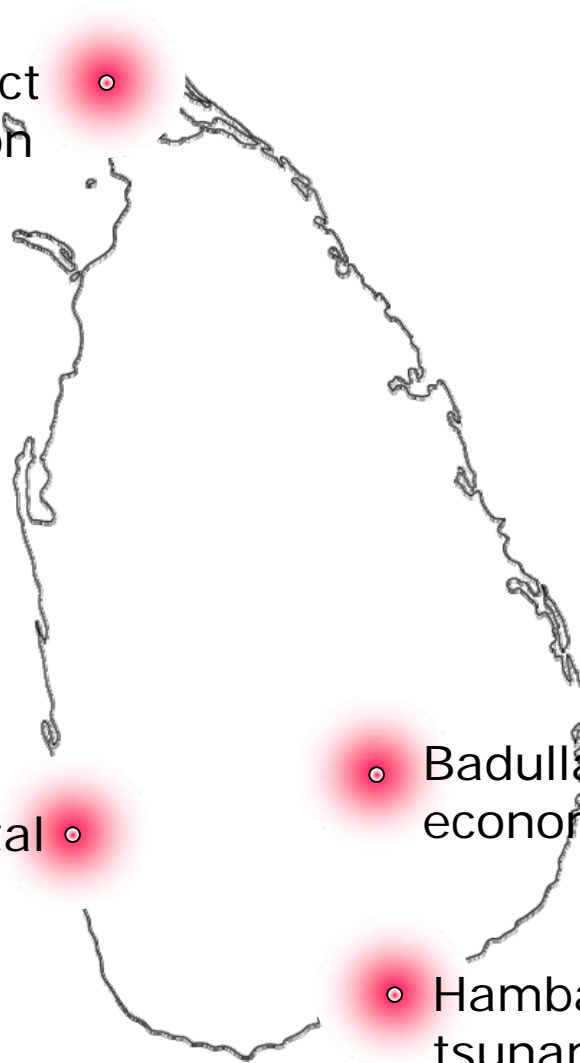
- Surveys in India & Sri Lanka (3199 in total)
  - **Not representative of India & Sri Lanka as wholes**
- 'Users'
  - those who have used a phone in the last three months
- 'Financially constrained' users:
  - Socio-Economic Classification (SEC) groups B,C,D & E  
Monthly income < USD100
- Mix of urban (37.5%) and rural (62.5%) respondents

# Methodology

- Face-to-face interviews
- Questionnaire:
  - Closed-ended
  - Pilot-tested (in India and SL) and refined
  - Designed by LIRNEasia team (6) with implementing partner
- Sampling
  - Purposive selection of localities
  - Random selection of households
  - KISH grid used to select within households

# Sri Lanka: 1100 respondents, 4 localities, 2 languages

Jaffna – post conflict area, high migration

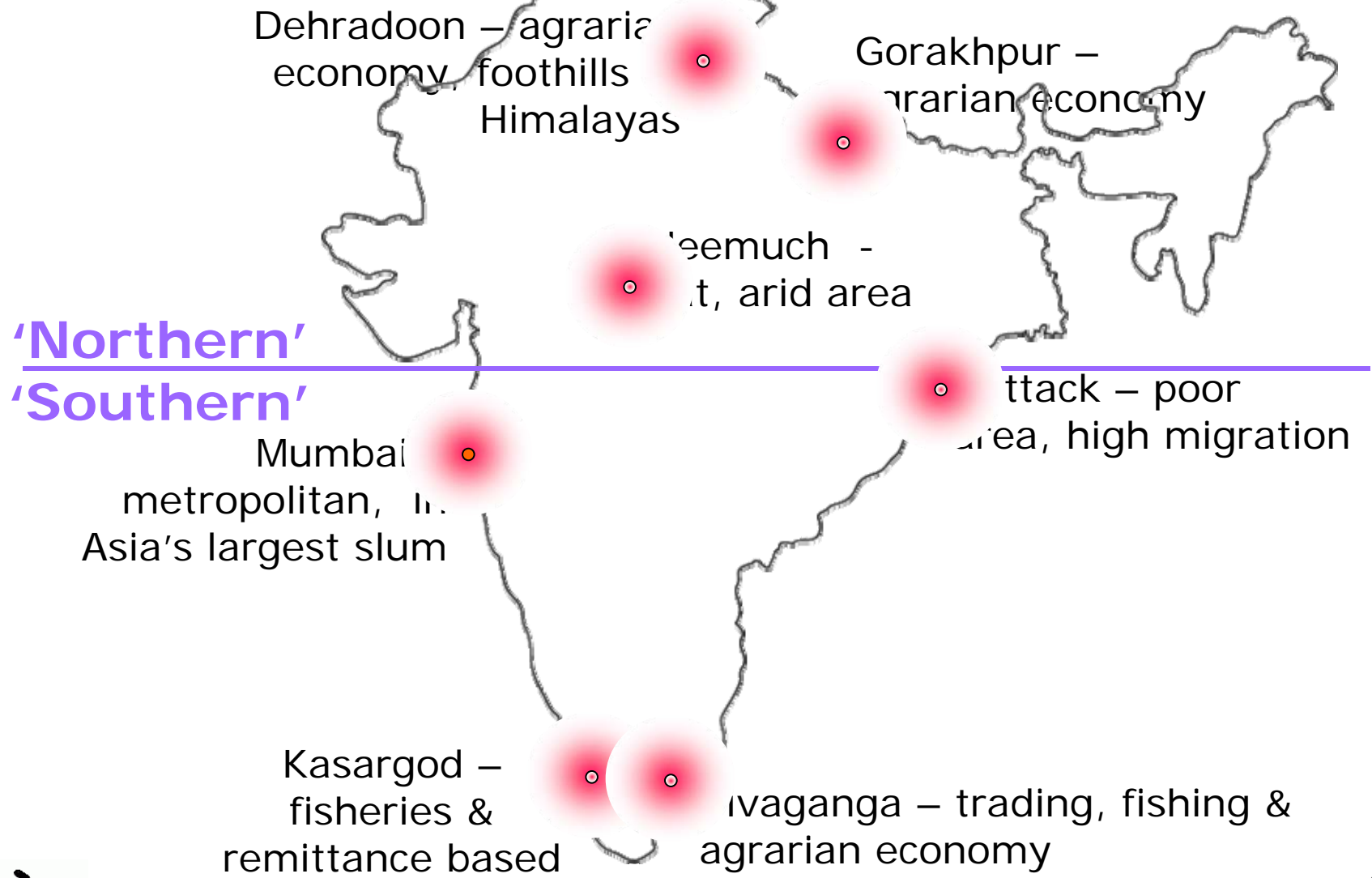


Colombo - capital city, urban landscape

Badulla – rural, plantation economy, hill country

Hambantota – rural, tsunami affected

# India: 2099 respondents, 7 localities, 5 languages



# Questionnaire

- 'Mode' of access:
  - fixed, mobile, 'public access'
- Reasons for selecting mode
- Ownership & use by other people
- How telecom services are used
  - Usage patterns
  - What they are used for (purposes)
  - Ways in which they are used (strategies)
  - Difficulties faced
- Use of Internet & telegrams

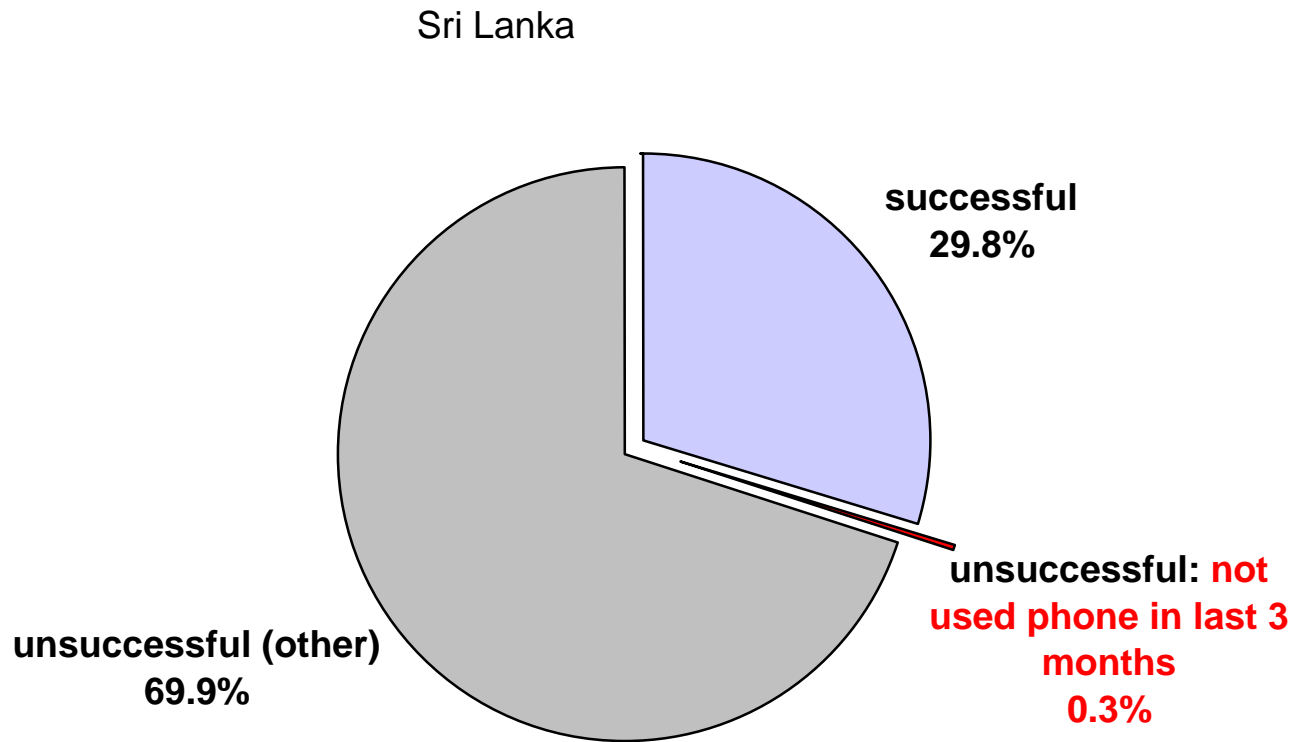
# Limitations

- Difficult to make accurate comparisons with groups not studied (financially 'unconstrained')
- Closed ended questionnaire
  - Could have been supplemented with Focus Group Discussions
- Calling patterns based on recall data
- Weaknesses in a few questions

# Findings

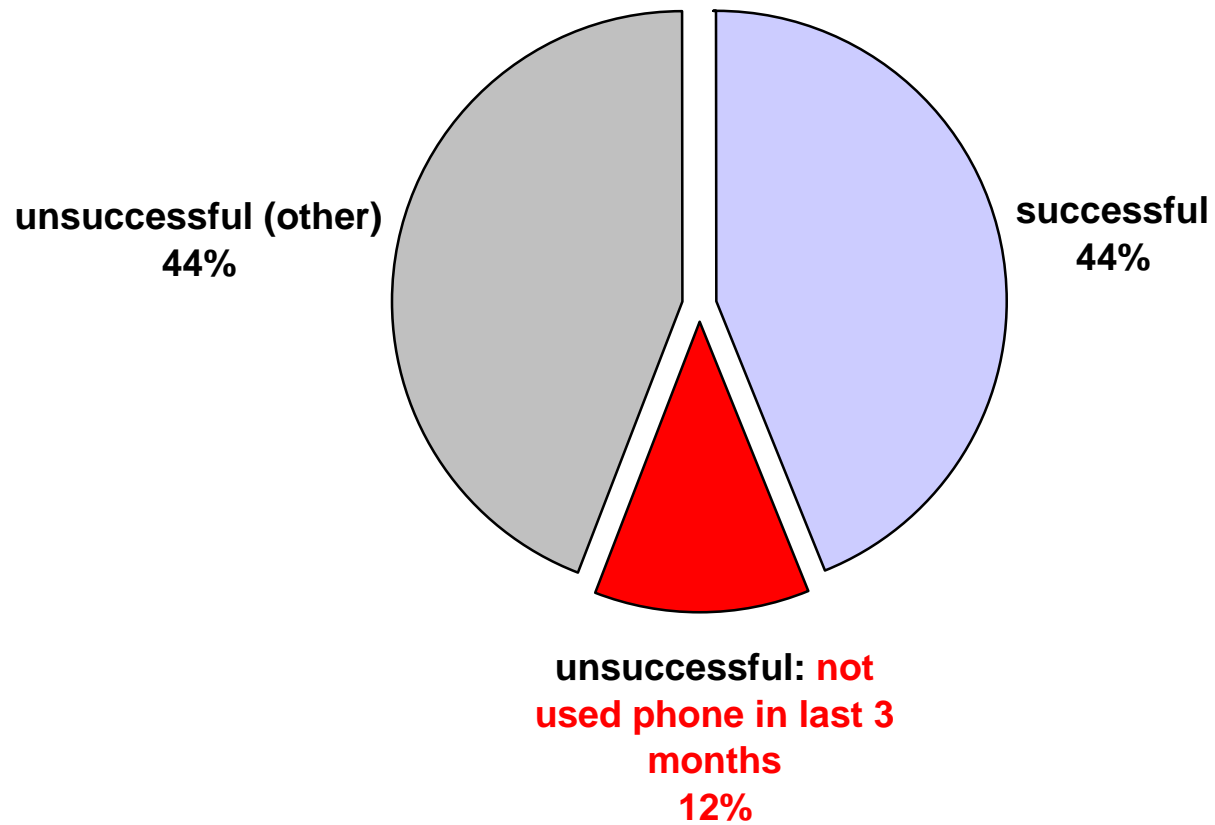
- How the financially constrained communicate
- Why they choose fixed, mobile or public phones
- What they use them for
- How they use them
- Constraints & considerations
- Expenditure & cost perceptions

# Everyone in uses phones...



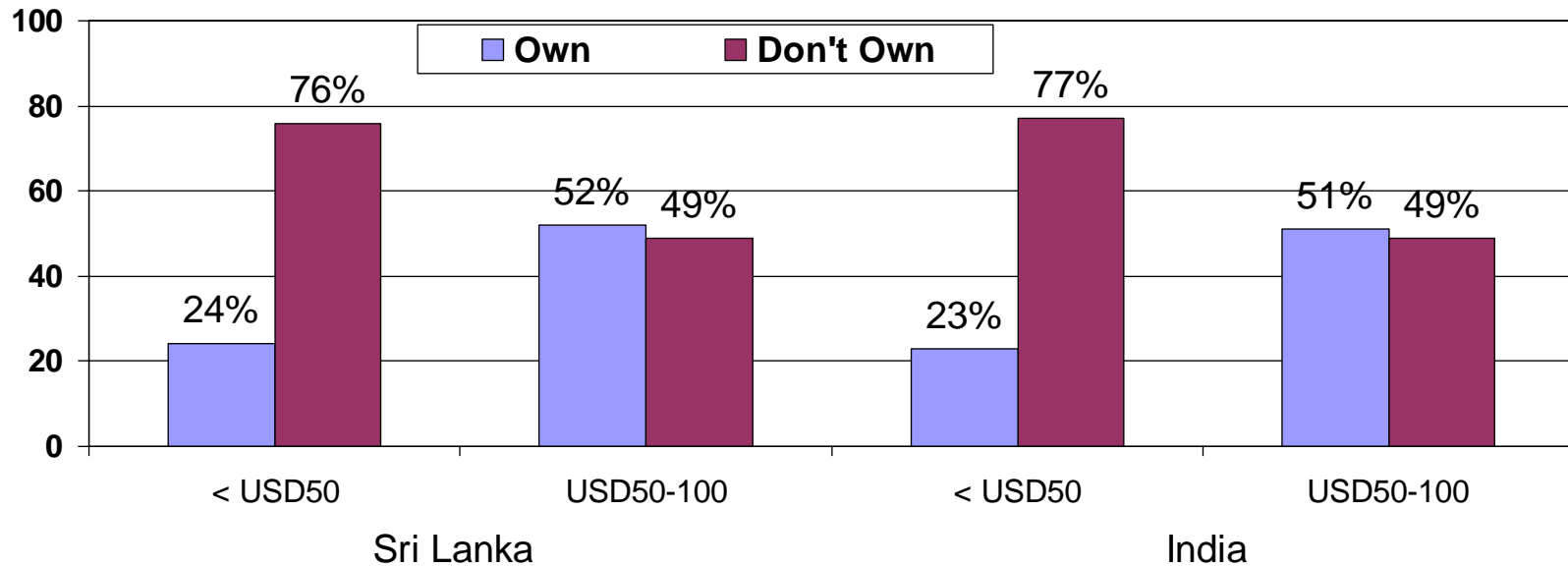
Total number approached: 3690

India



Total number approached: 4769

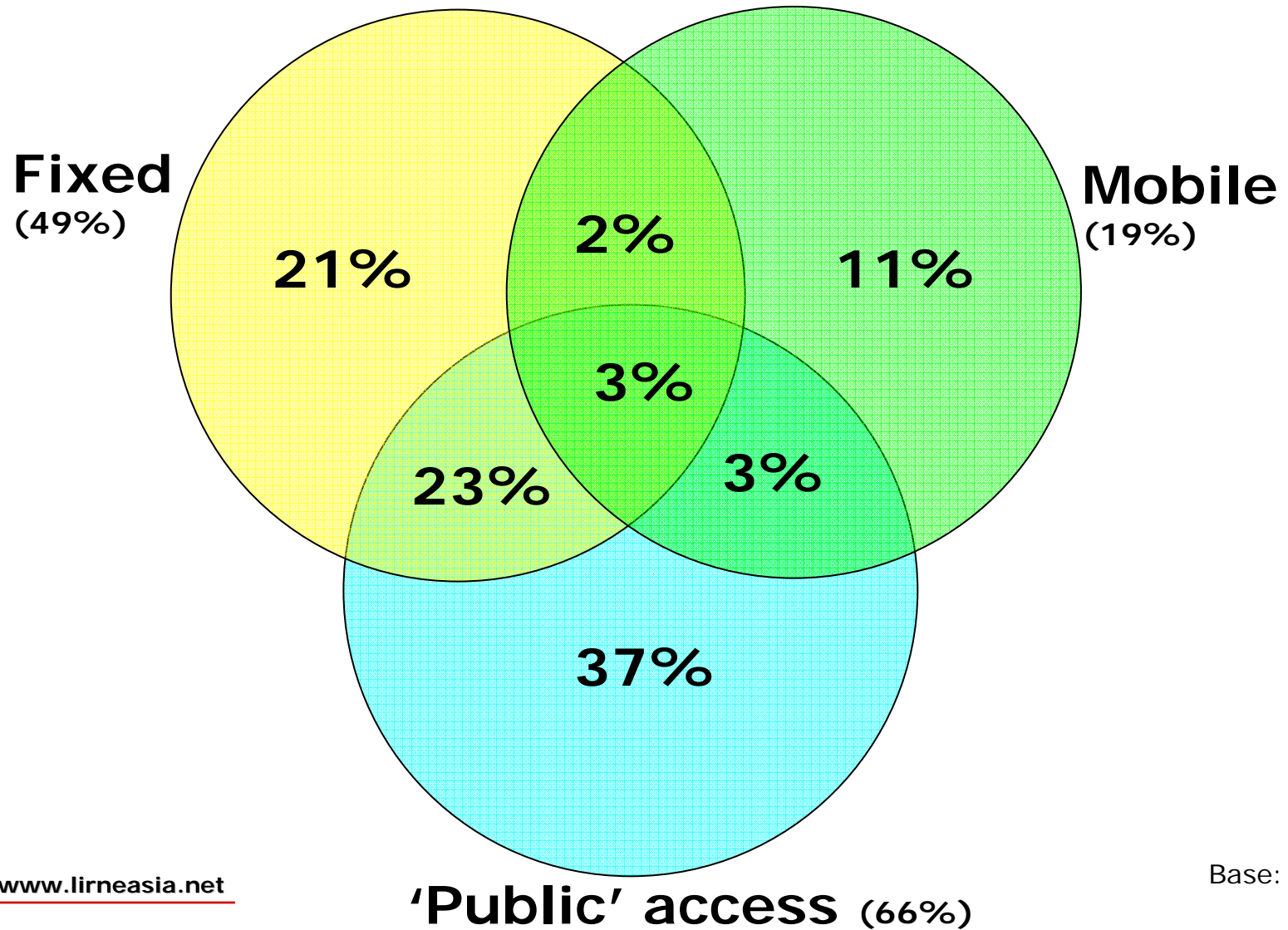
...but 58% do not own one!



What people own	Sri Lanka		India	
	< USD 50	USD50-100	< USD 50	USD50-100
Landline Only	2	20	19	37
Mobile Only	21	28	3	8
Landline + Mobile	1	4	1	6

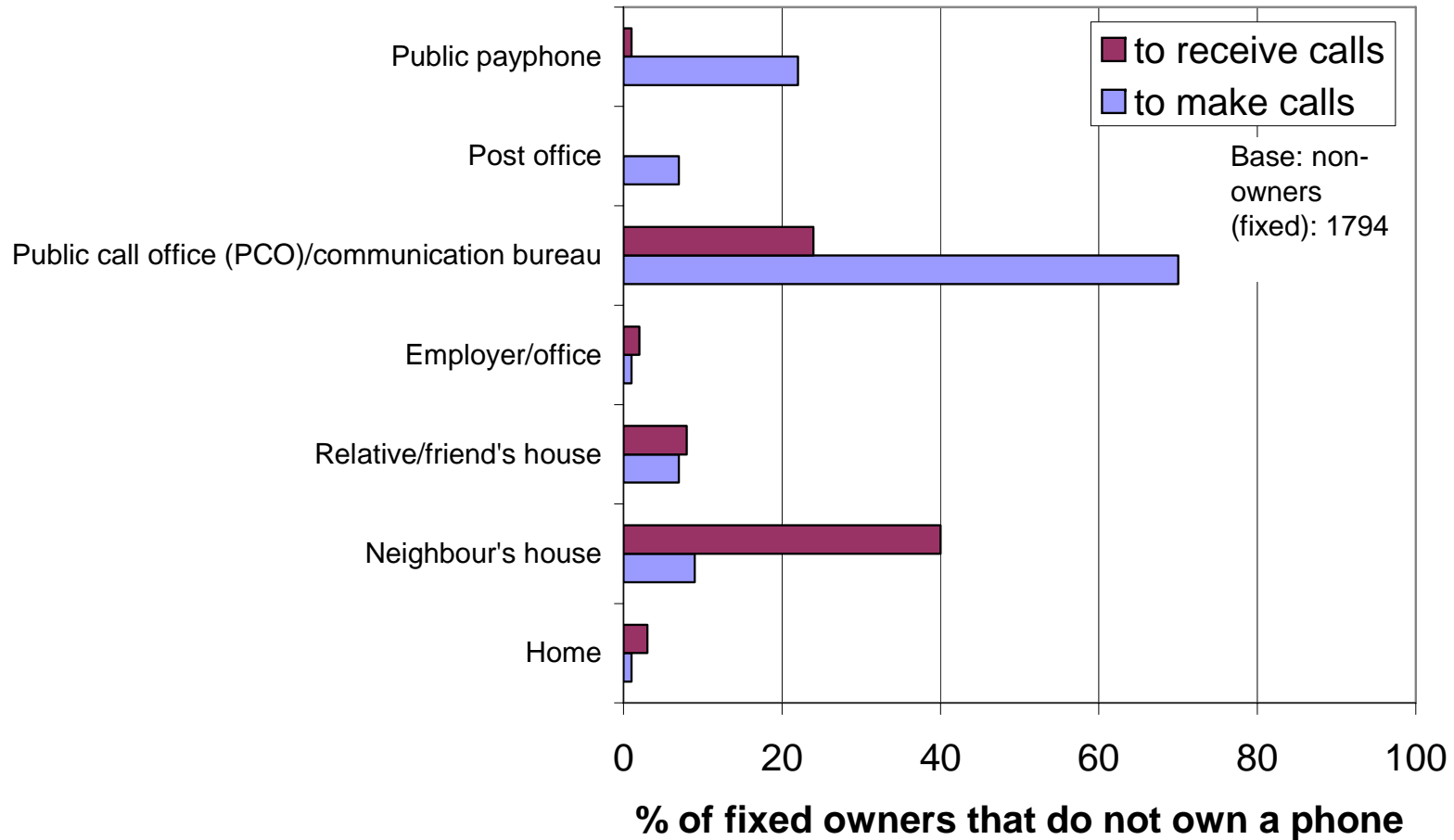
Phone ownership doubles in higher income groups

# 66% use public access phones

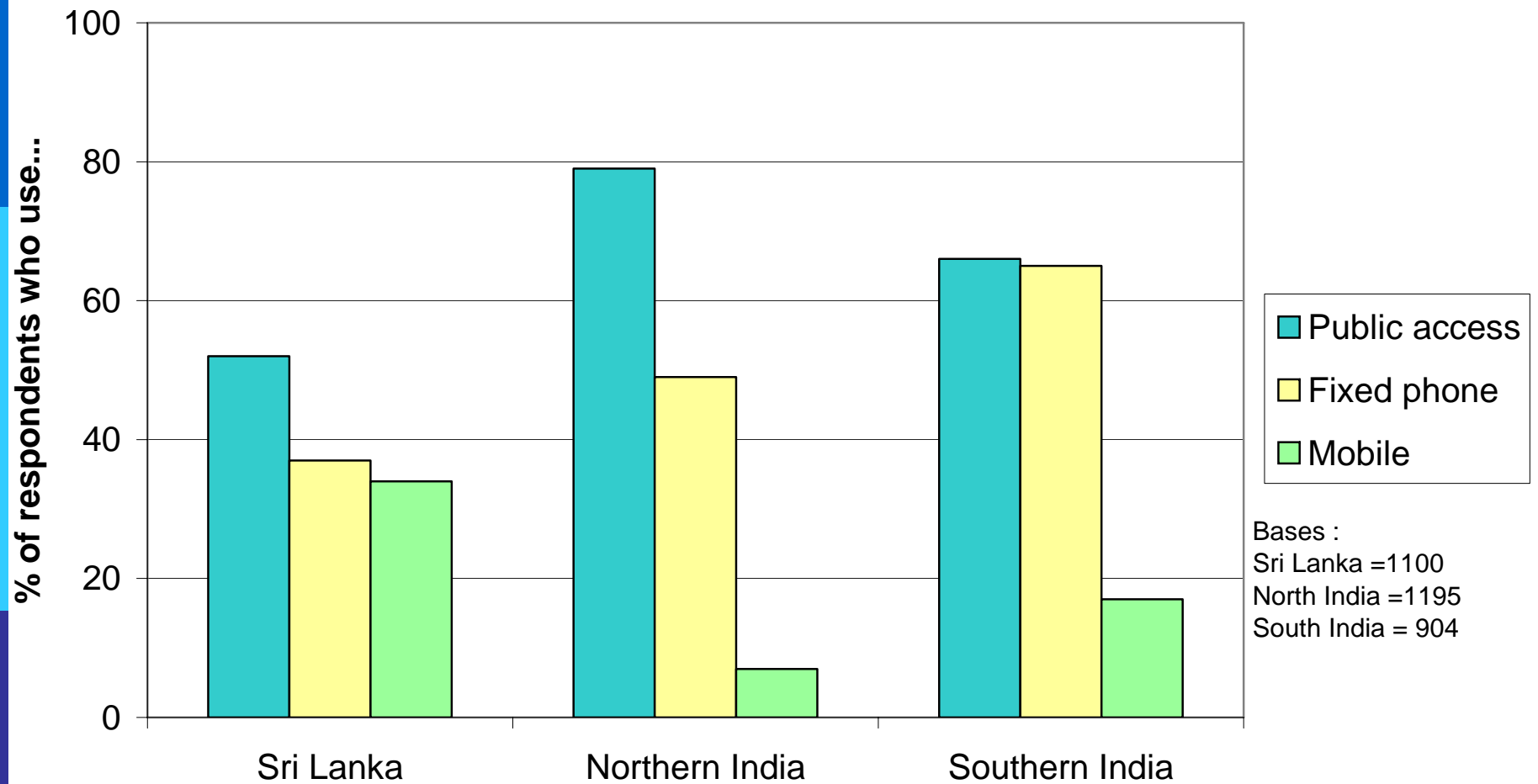


# Non-owners (fixed) mostly use PCOs and payphones to make calls

the place where fixed users who do not own a phone most often use the phone

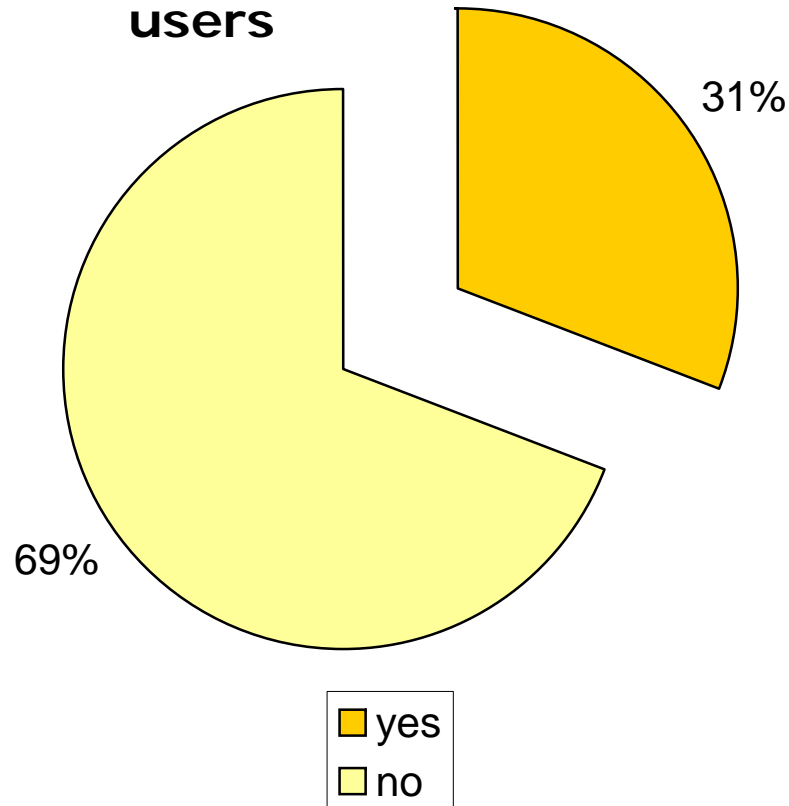


# Higher reliance on public access in India



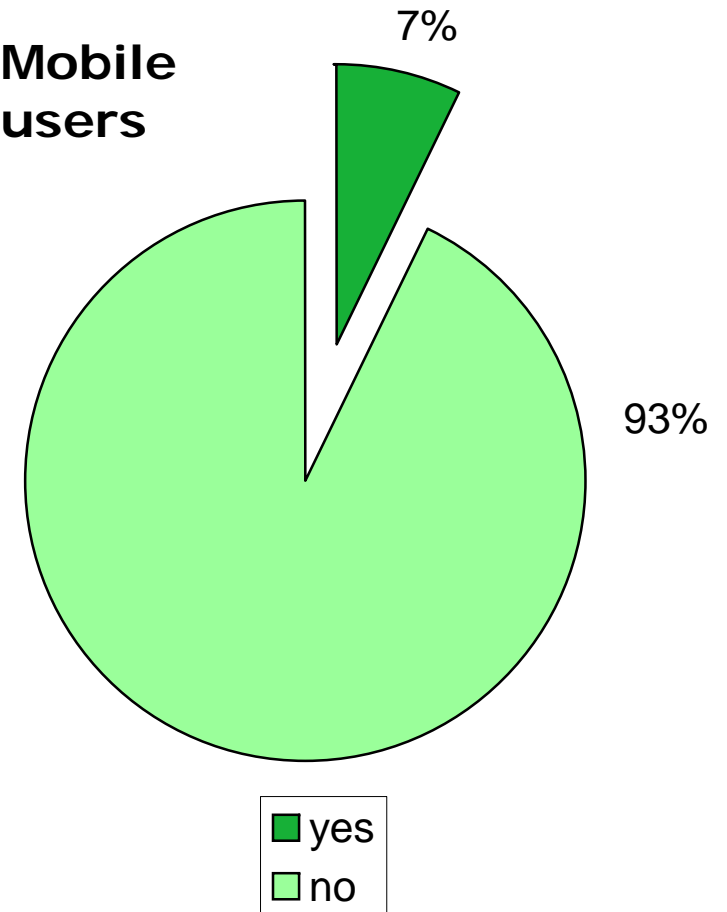
# *I allow 'others' to use my phone*

**Fixed users**



Base:  
Fixed owners  
(847)

**Mobile users**



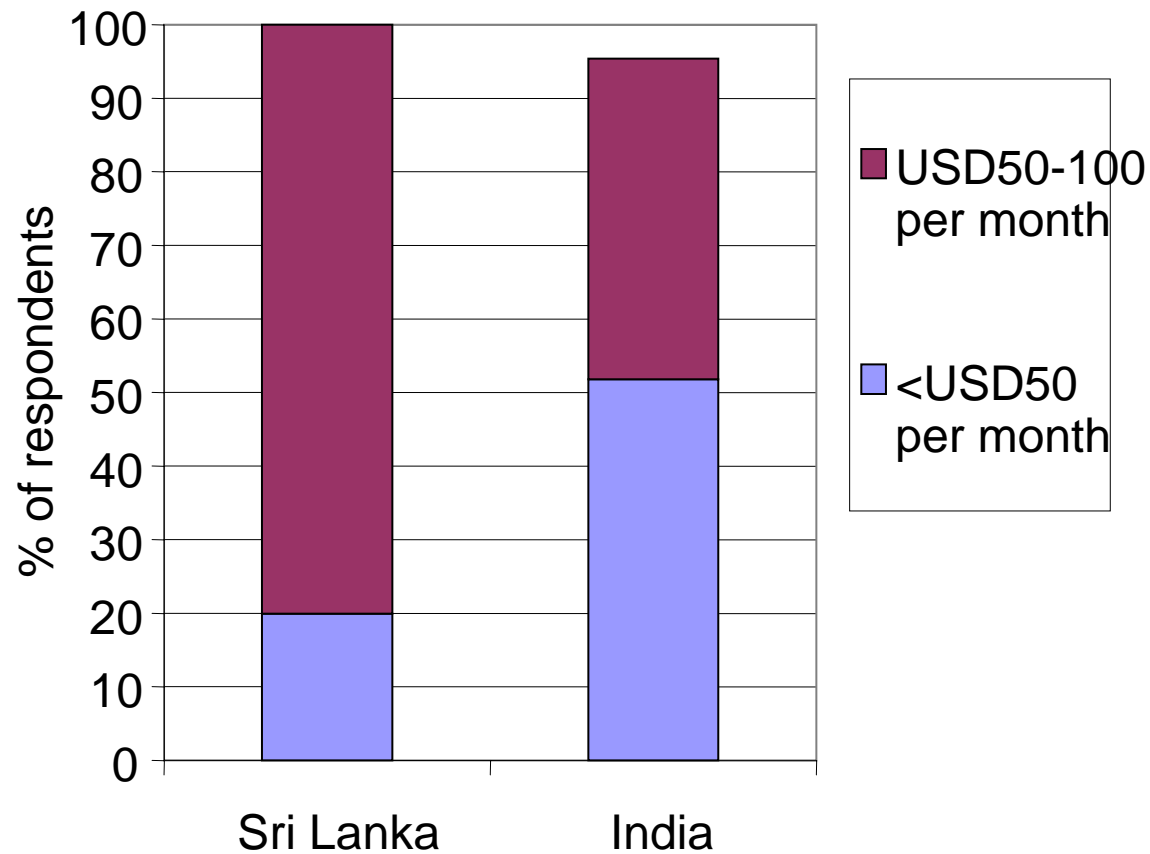
Base:  
Mobile owners  
(509)

# ...reflects availability of service

- wide availability of PCO in India
- India & Sri Lanka almost same penetration on fixed
- Sri Lanka higher in mobile but India growing too
  - Sri Lanka had mobile since 1989; India since 1994
- India converted to CPP in 2003; Sri Lanka is still RPP

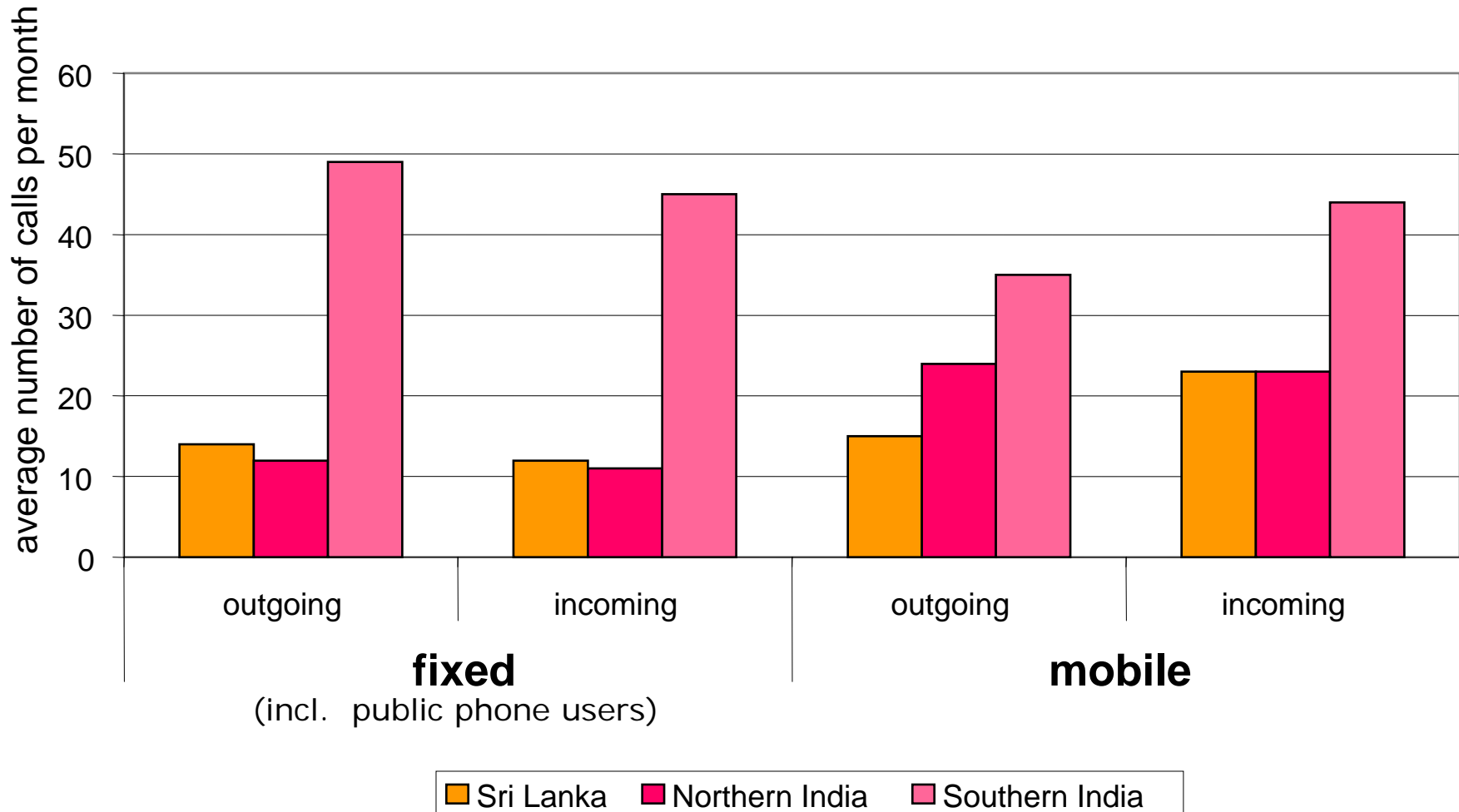
Subscribers per 100 inhabitants (Sept 2005)		
	Sri Lanka	India
Mobile	15.6	5.96
Fixed	5.7	4.4
Source: TRAI, TRCSL (2005)		

# ...and larger group of poorer people in Indian sample



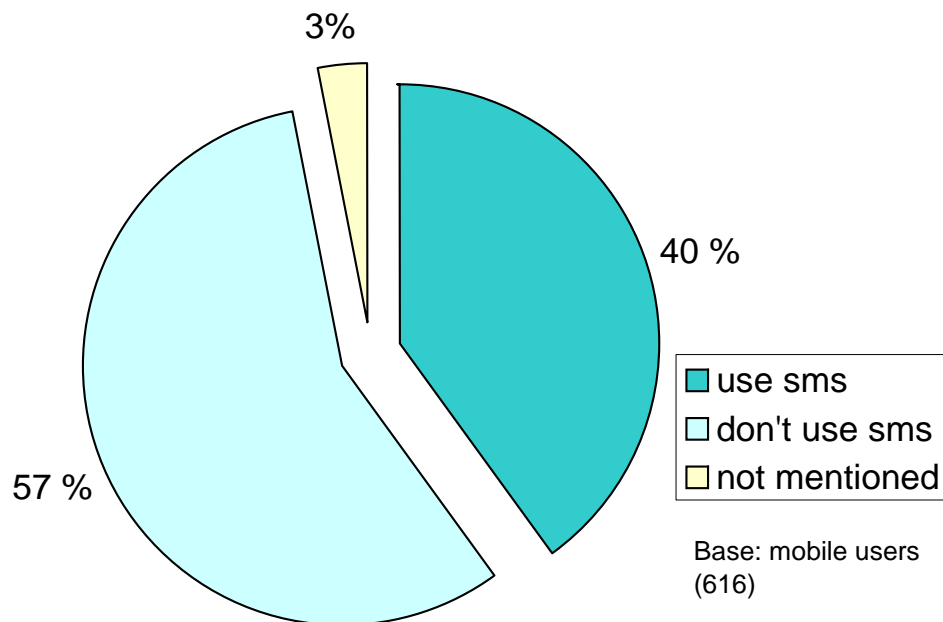
## Usage patterns:

mobile users make more calls than fixed users in Sri Lankan and Northern Indian sample



# SMS use is low...

Mobile users that use the short message service



59% of SMS users use English language for messages

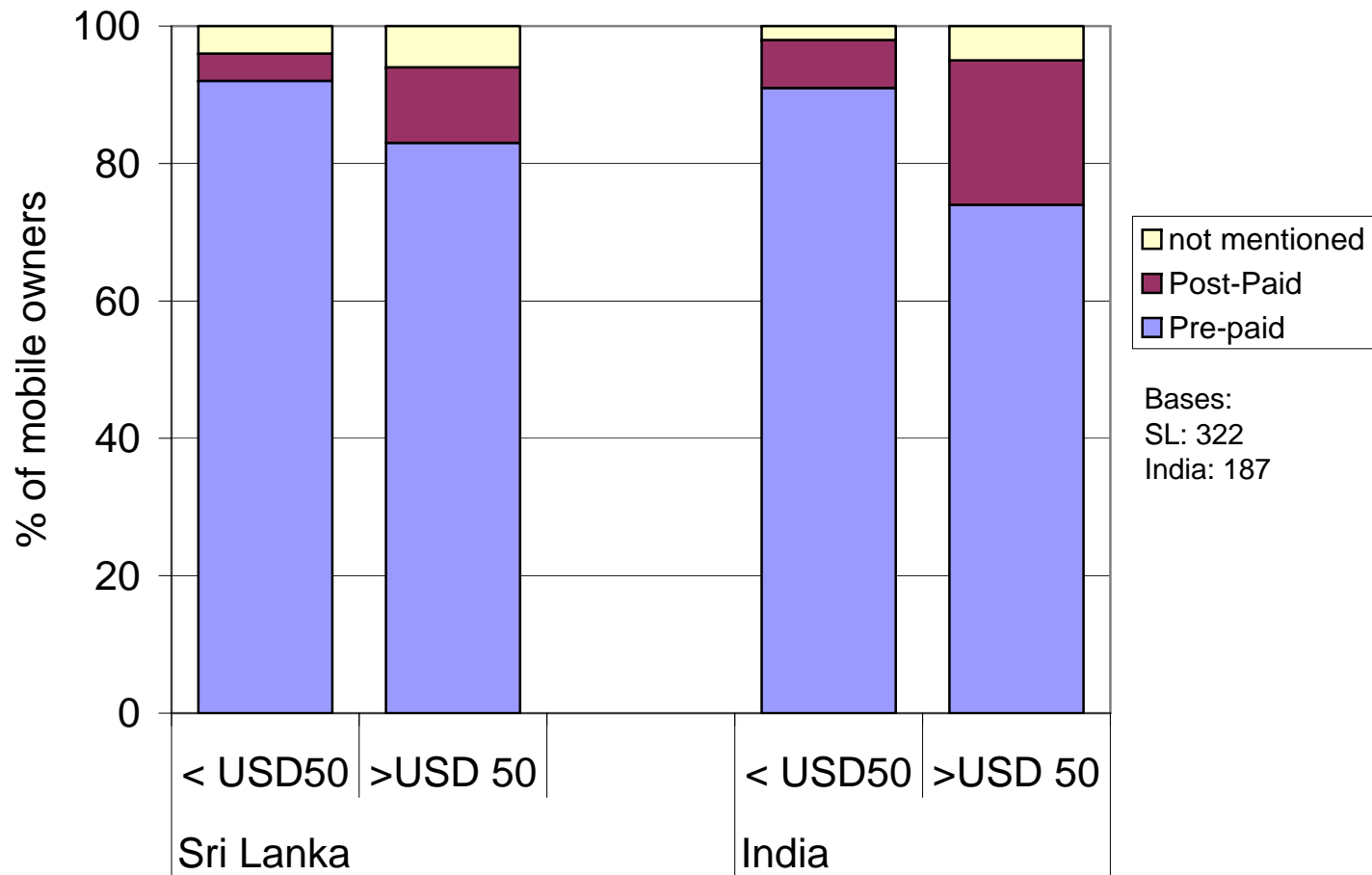
What they use SMS for:

personal communication	88%
emergency communication	37%
business communication	7%

Why they use it:

to minimize comm. expenditure	88%
as a signal	58%
to make sure message is received	48%

# 83 % of mobile users on pre-paid

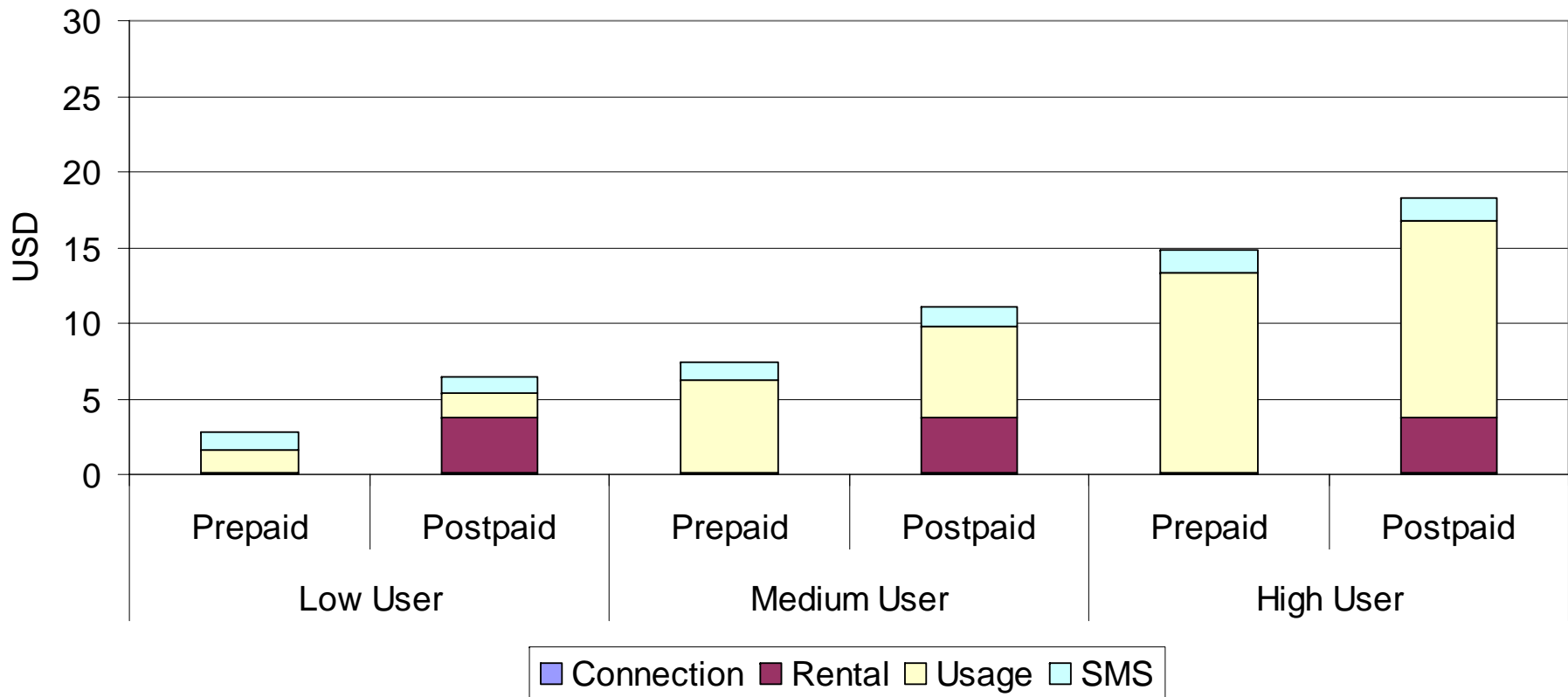


Bases:  
SL: 322  
India: 187

Base: all respondents

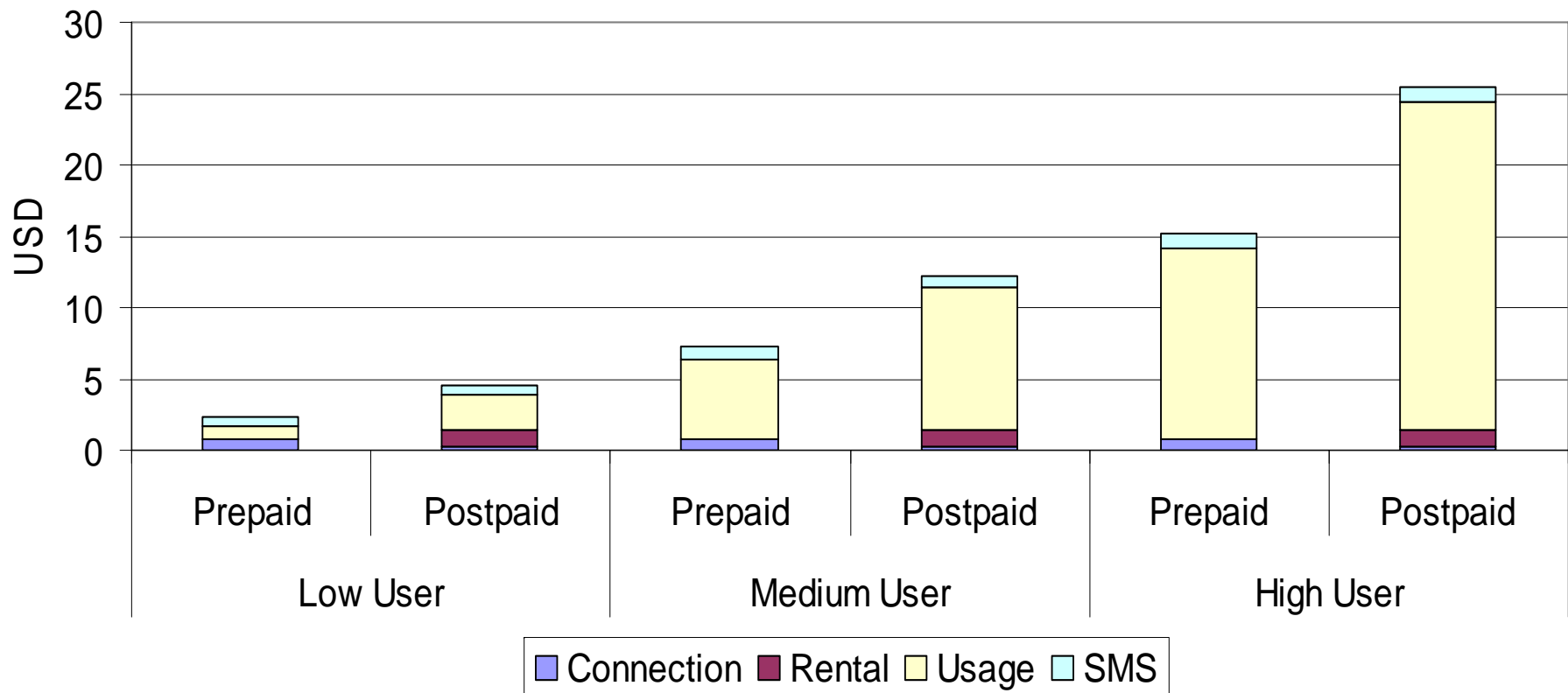
# Prepaid cheaper than postpaid in India...

## Monthly Mobile Tariffs (Pre-Paid vs Post Paid): India



## ... and Sri Lanka

### Monthly Mobile Tariffs (Pre-Paid vs Post Paid): Sri Lanka



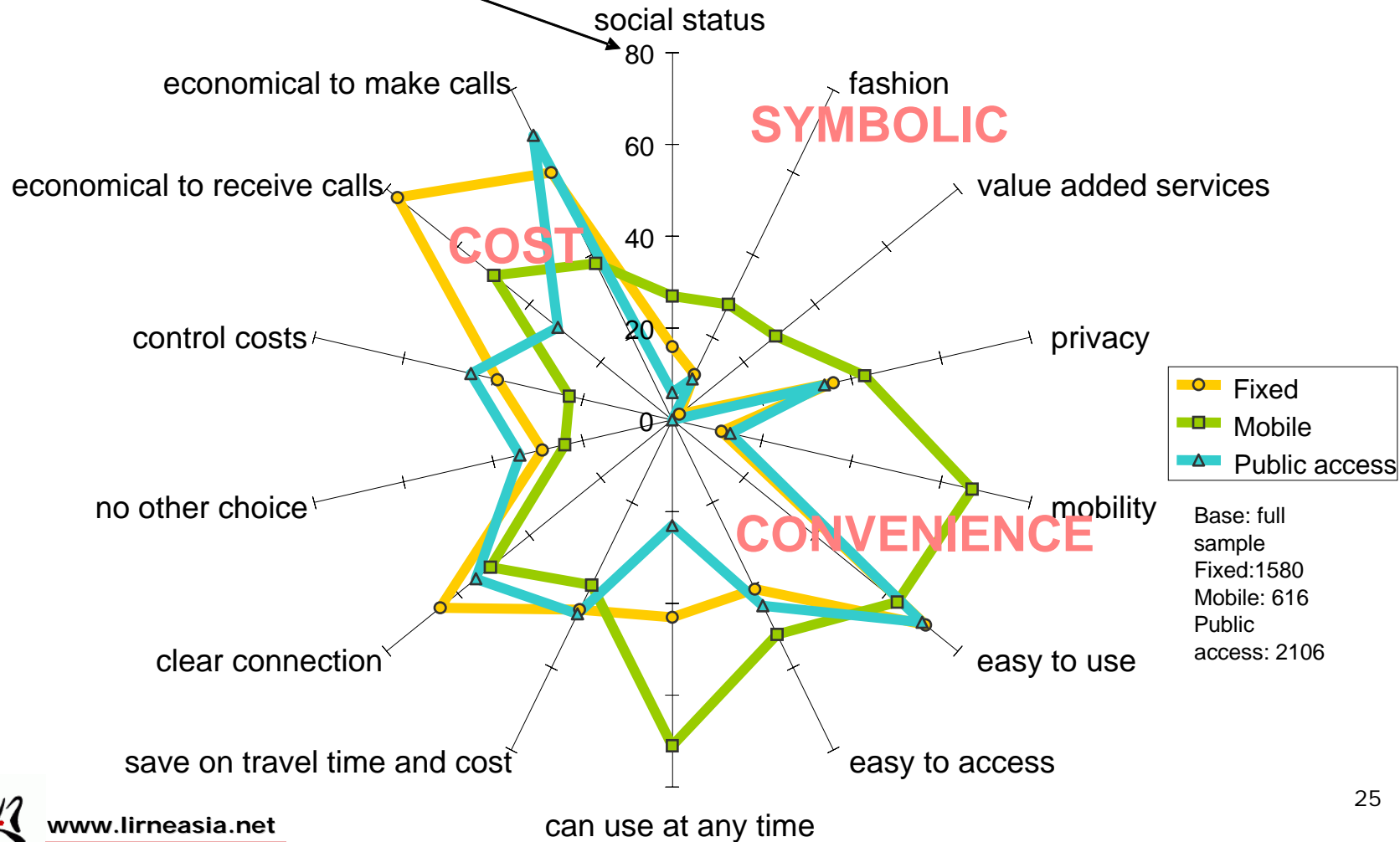
# Basket methodology

- Based on OECD methodology with modifications
  - RPP
  - Prepaid & post-paid
- Based on monthly tariffs of cheapest tariff package of largest operator in each country
  - India – Airtel (Bharti) – 28% (July'05)
  - Sri Lanka – Dialog Telkom – 60% (July '05)
- Basket includes airtime (in/out), SMSs, rental & connection charges + free airtime & SMSs

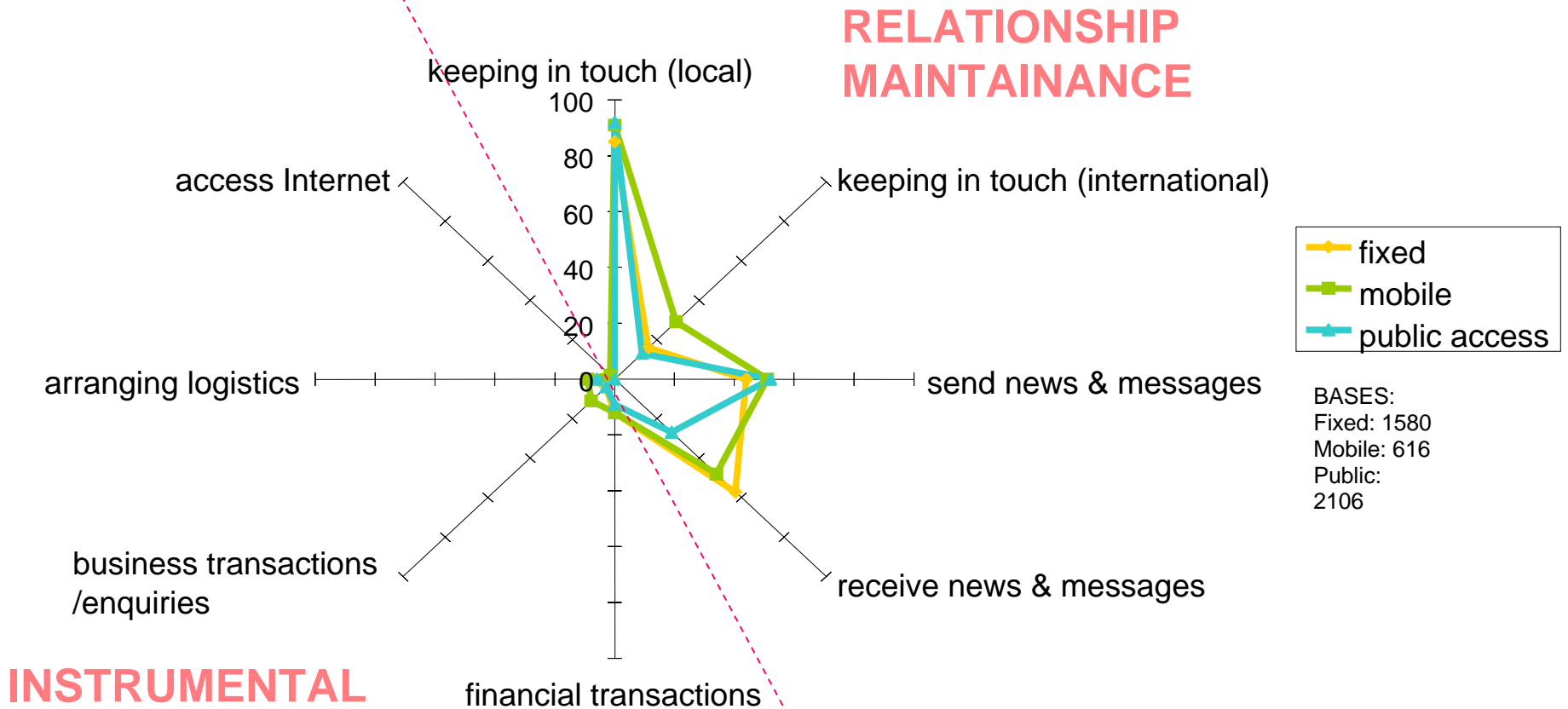
	Outgoing calls/month	SMS/month
Low user	25	30
Medium user	75	35
High user	150	42

# Why people choose phones: Cost & convenience

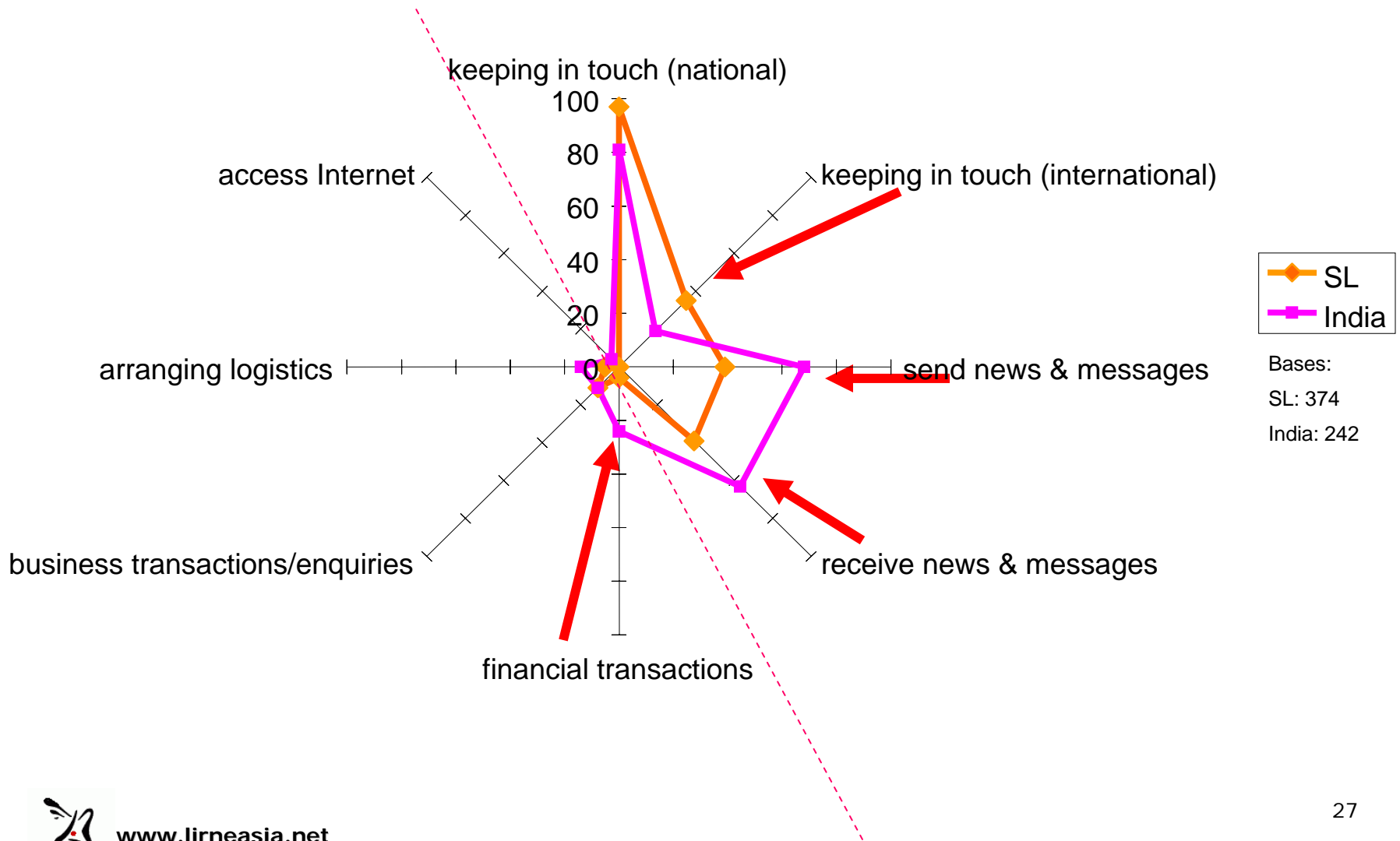
% of users who chose a mode for reason...



# What they use phones for: relationship maintenance

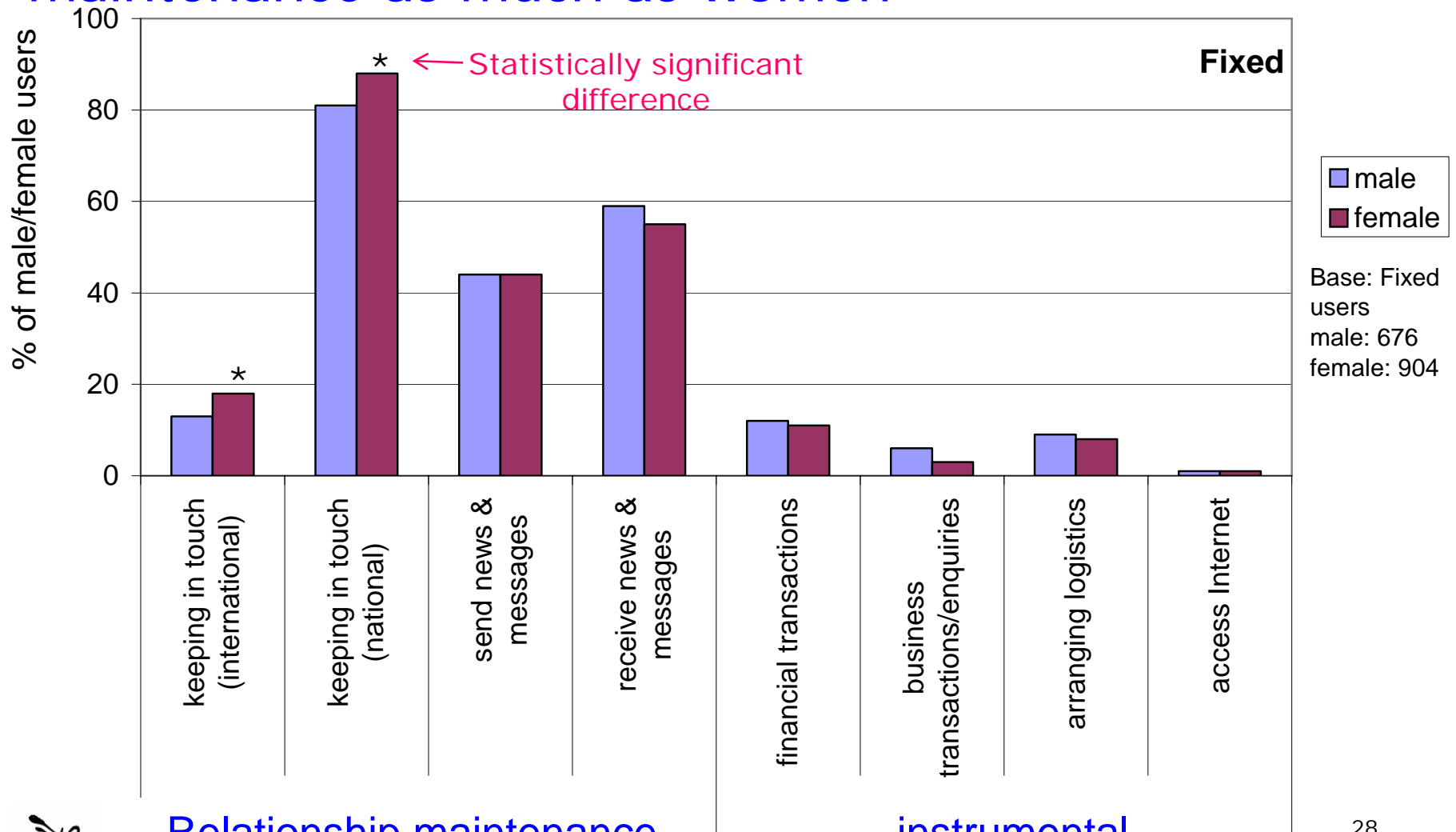


# Use of mobiles: relationships in SL; also some instrumental use in India



# Gender Patterns:

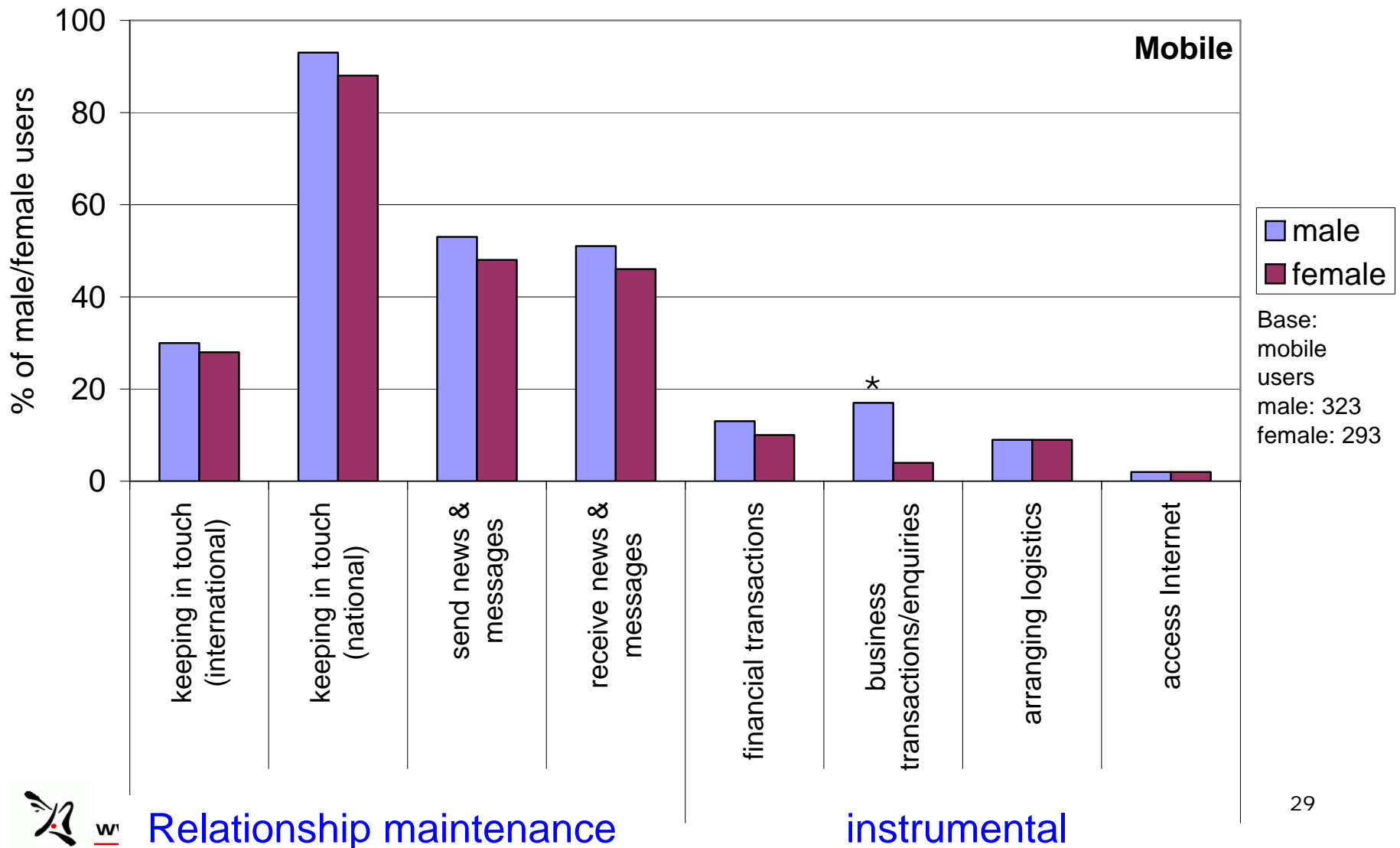
Fixed: men use the phone for relationship maintenance as much as women



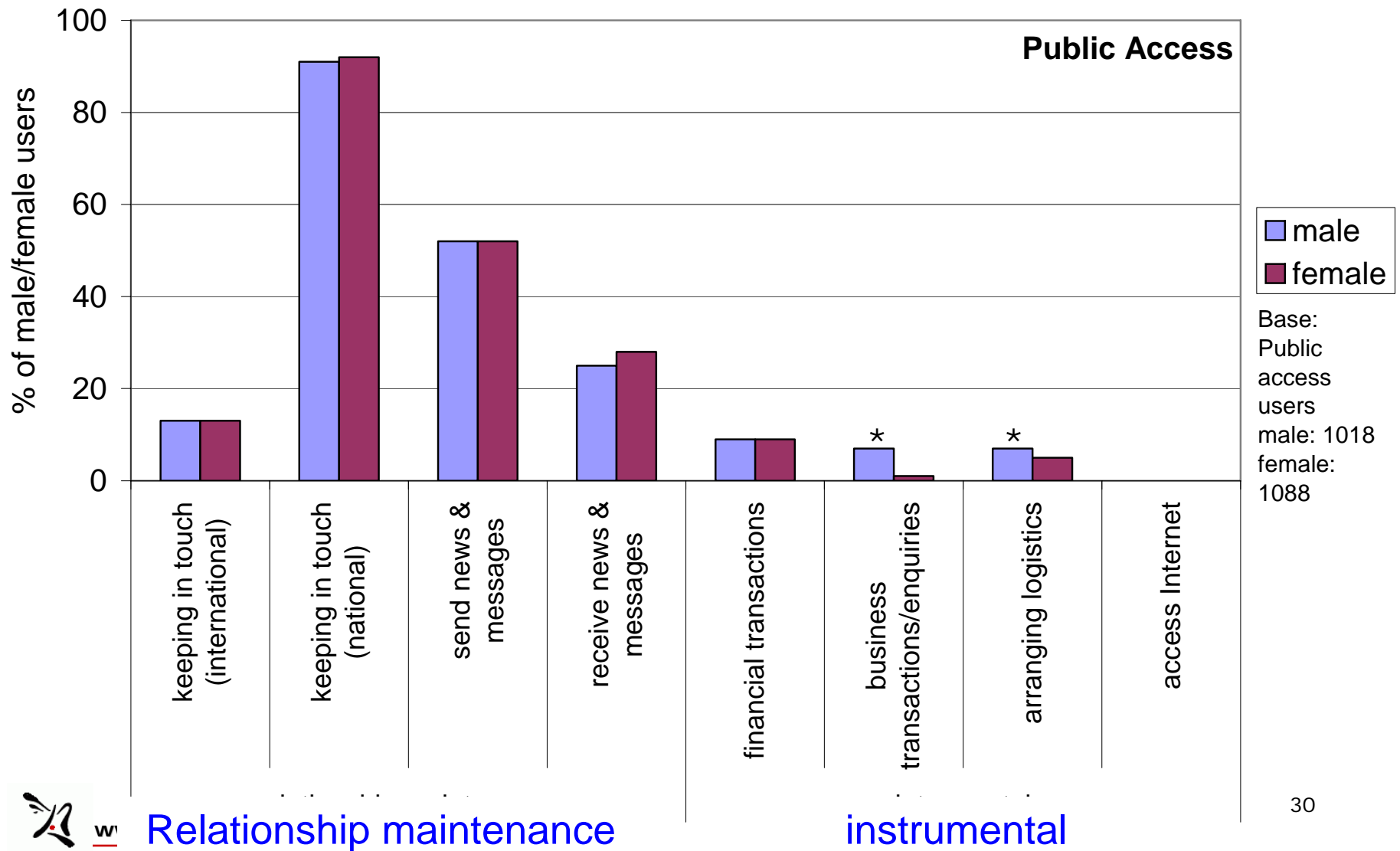
Relationship maintenance

instrumental

# Same story on mobiles (minor difference on business transactions) ...



# ...and public access

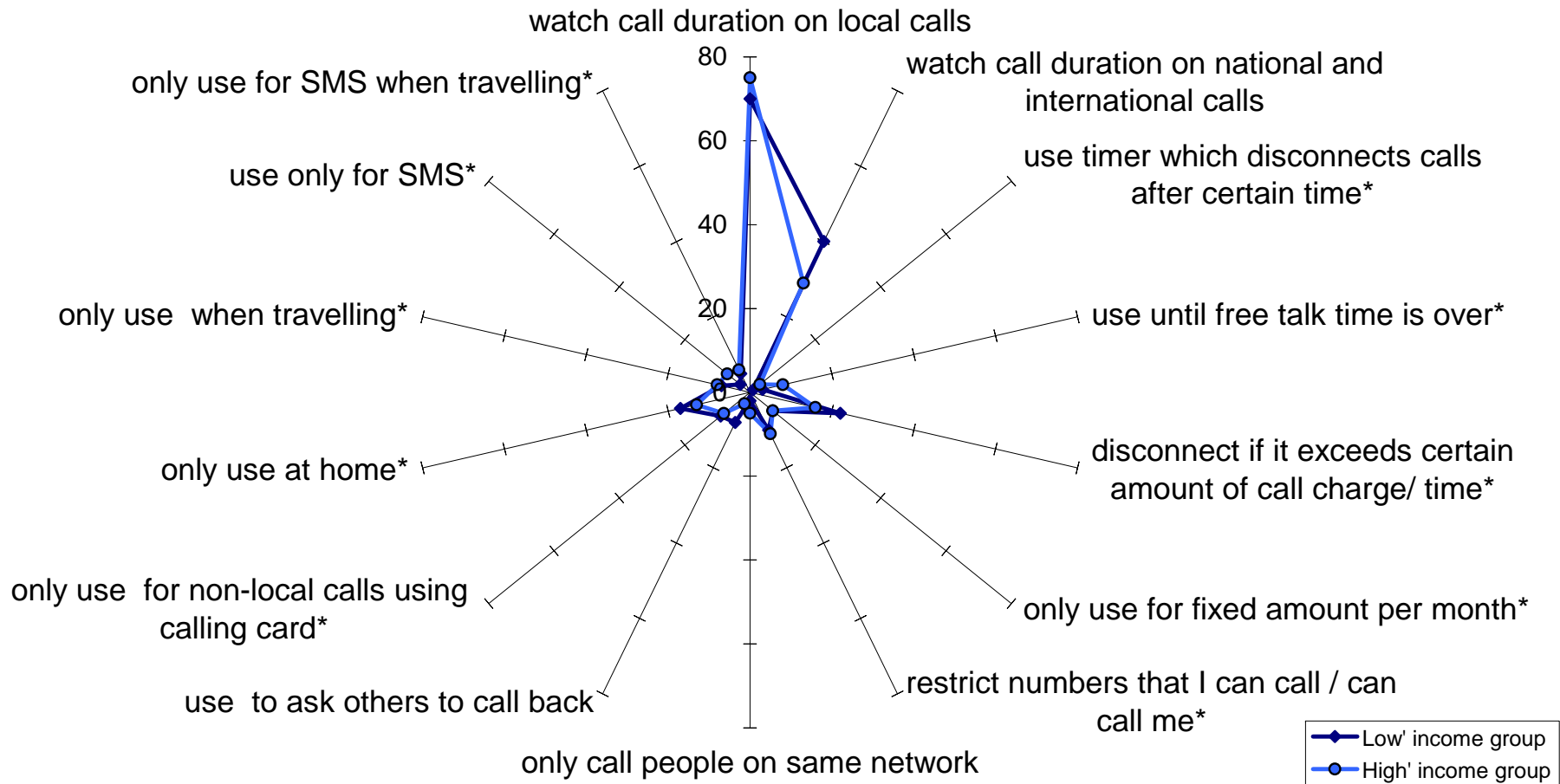


Relationship maintenance

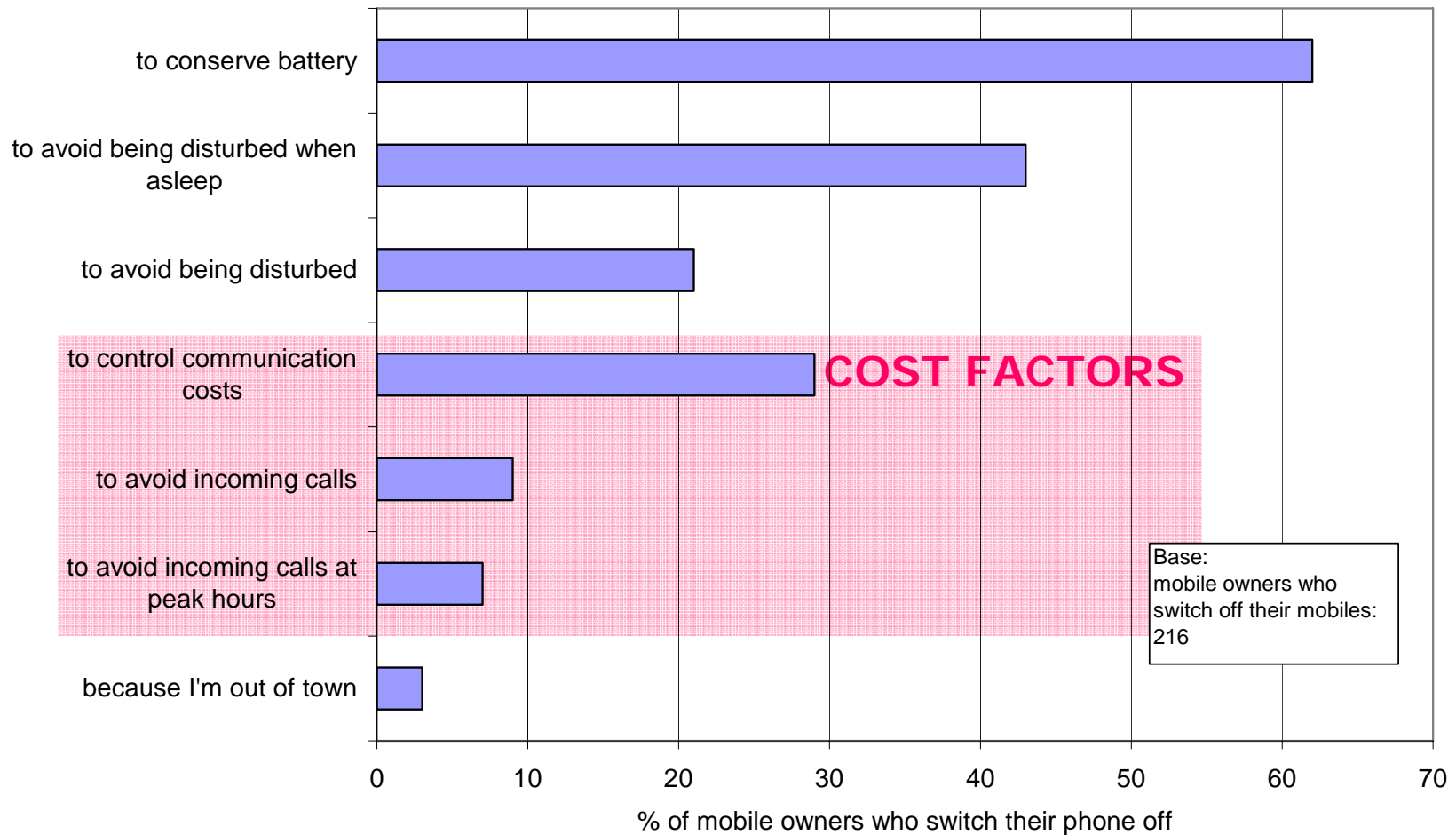
instrumental

# How is the phone used: 'strategies' on mobile

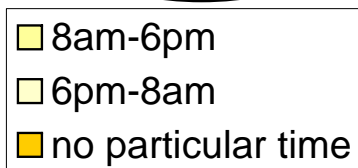
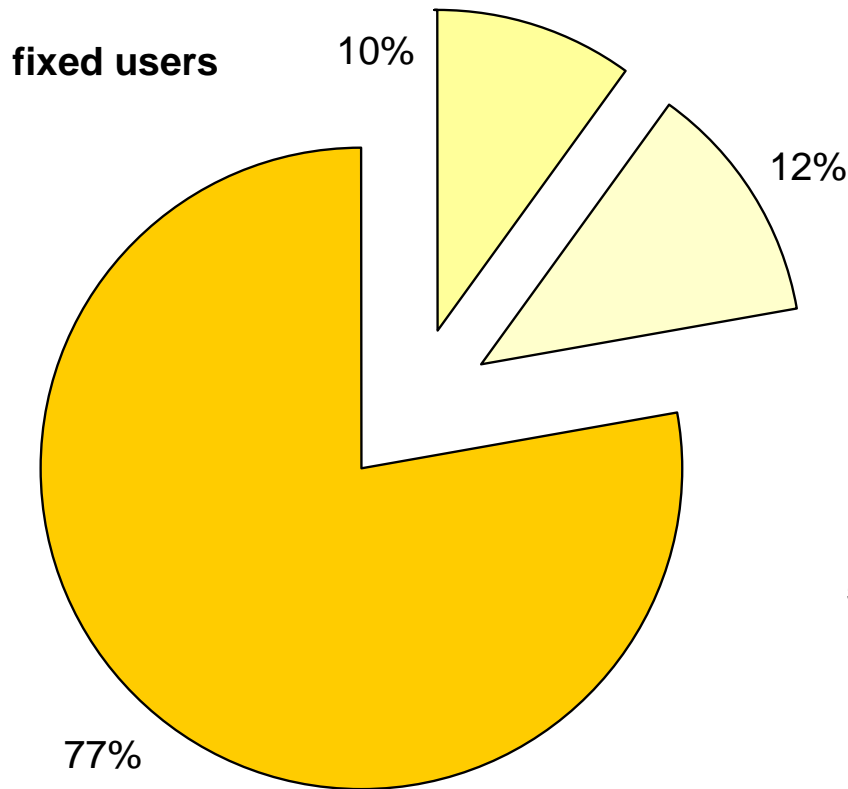
Use of strategies in fixed lines by income group



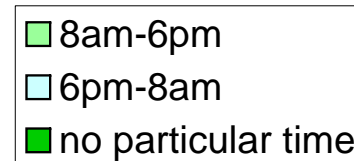
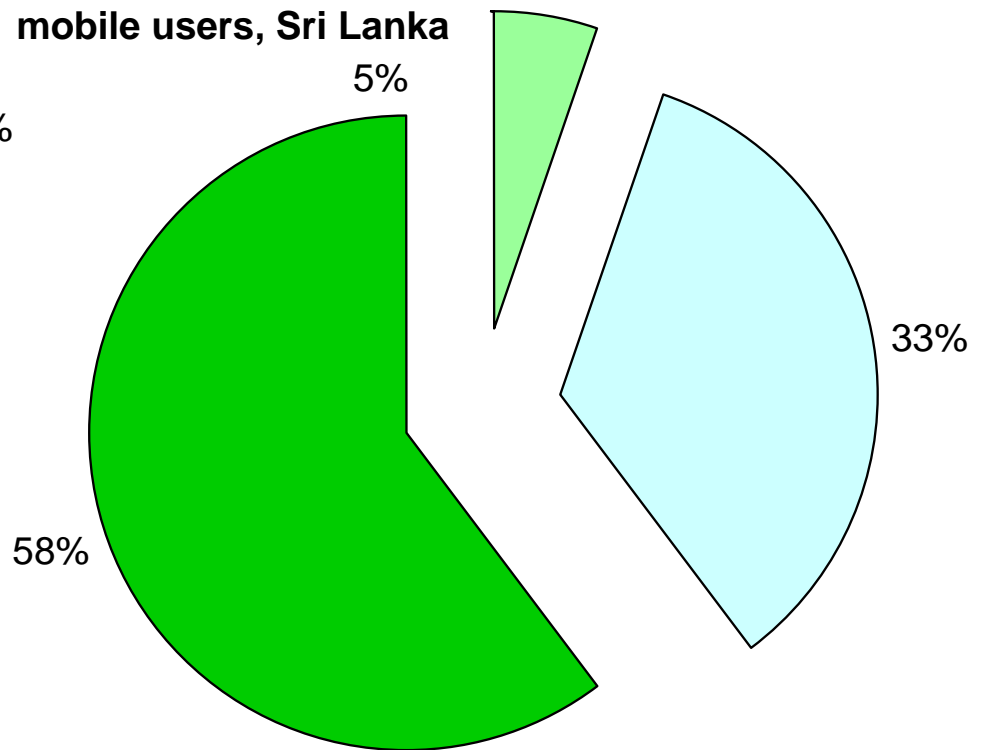
# 43 % of mobile owners switch off their phone: not for cost reasons



# Time of day that users make calls



Base: 2854 (fixed users, full sample)



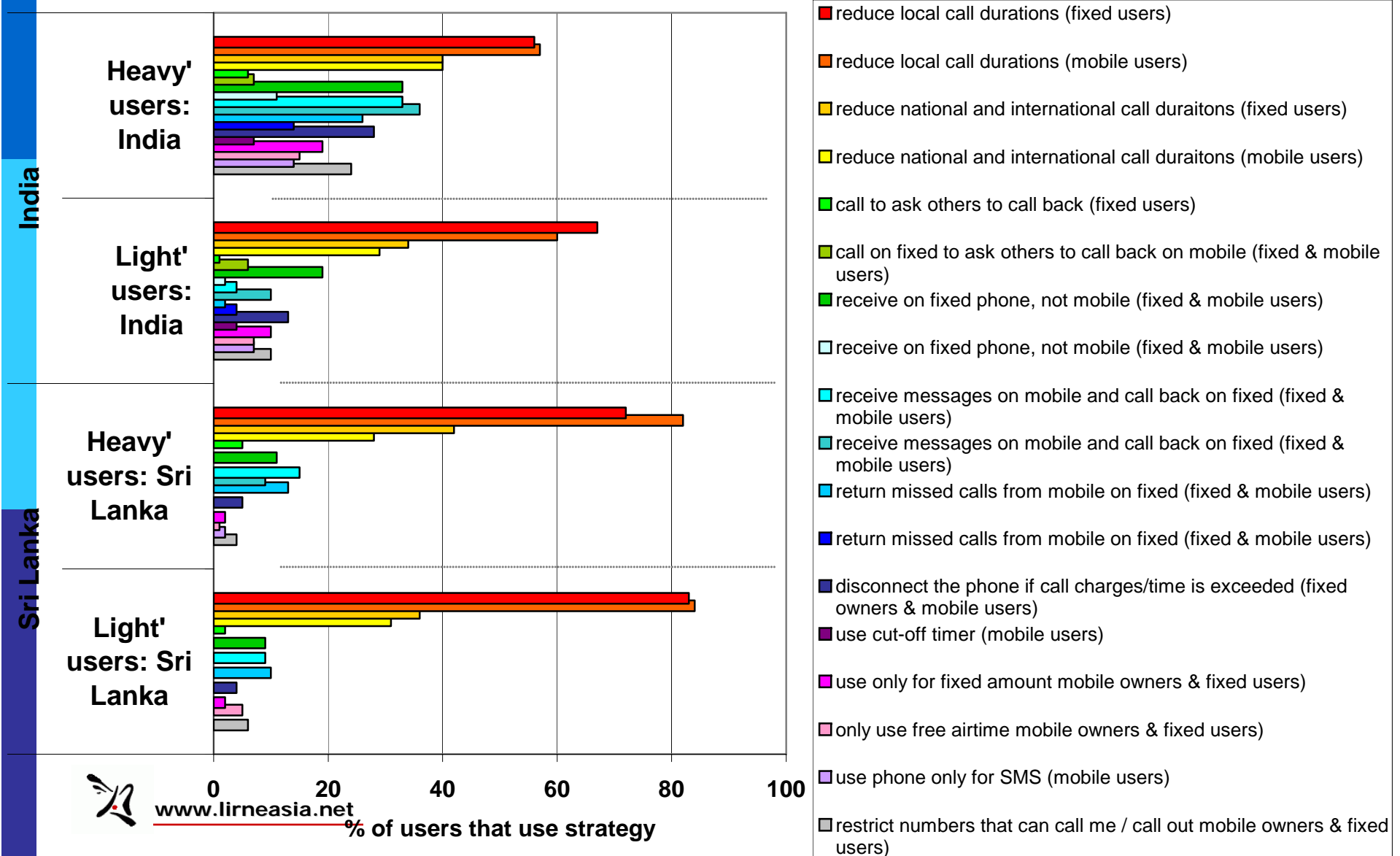
Base: 374 (mobile users, Sri Lanka)

## Little strategic use...

- Little discretion in the few calls that they make
  - Heavier users use a few more strategies
- Few options to make use of strategies
  - 69% have access to only one mode
- Majority are using other people's phones
  - 58% don't own phones

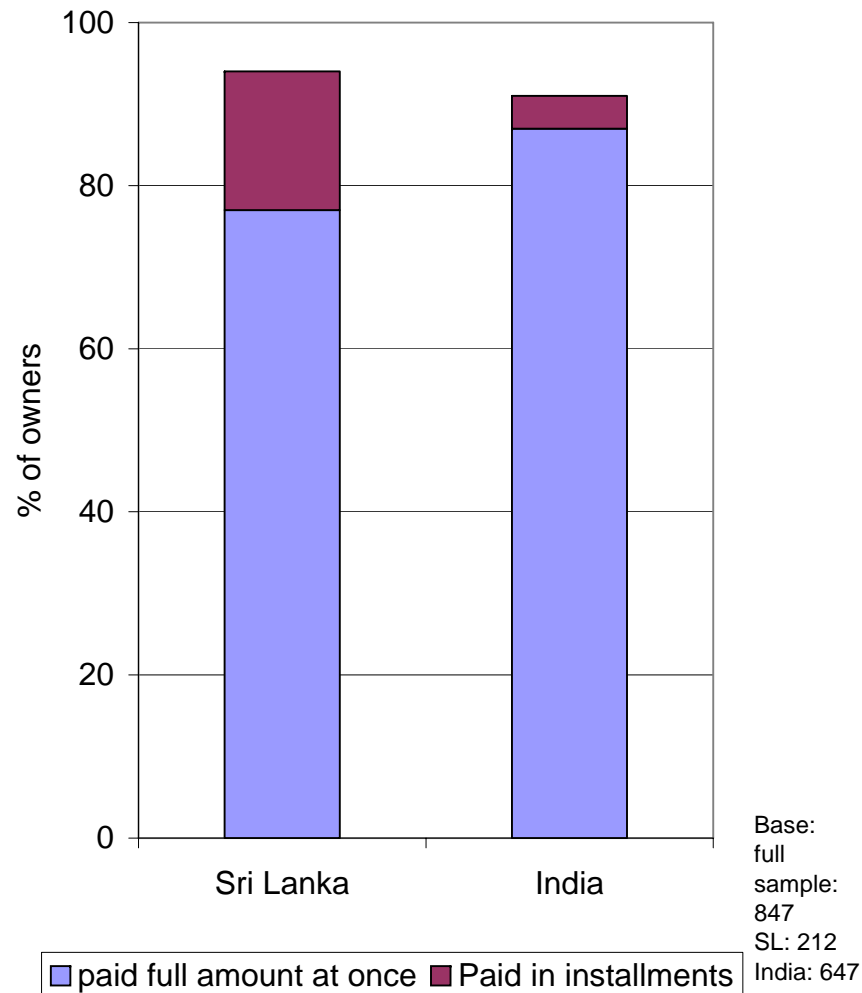
# Heavier users use more strategies

[\(back\)](#)



## Getting connected: Financing fixed line connections slightly harder in Sri Lanka – use of installment plans

Use of installment plans on fixed phones



# Obtaining a connection

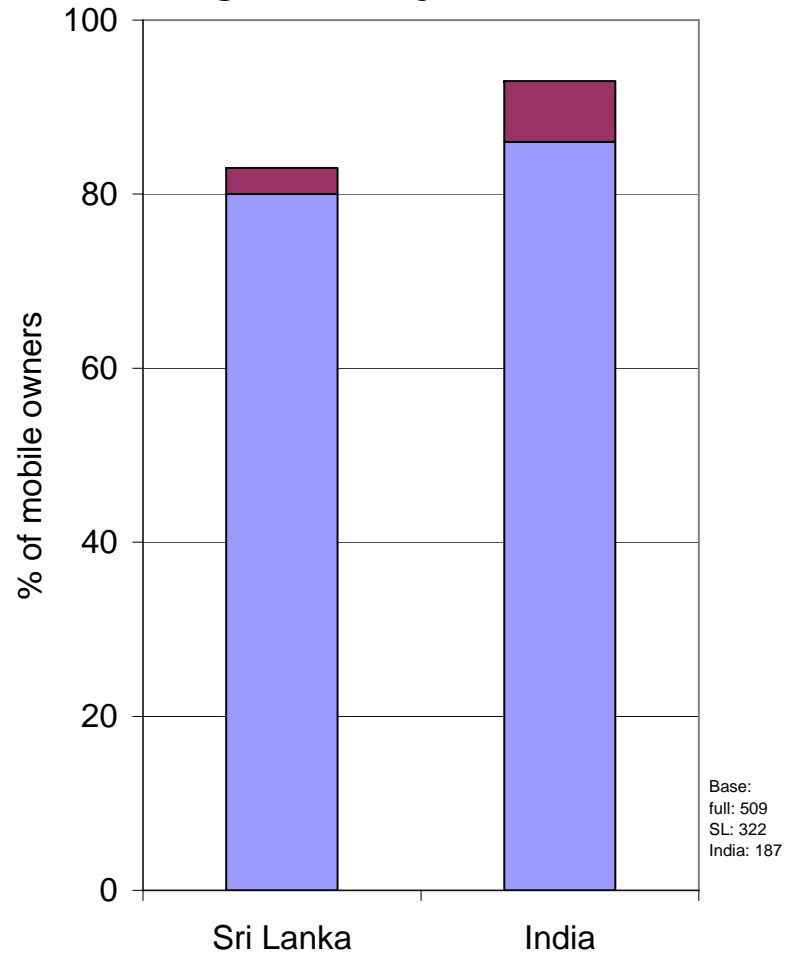
		<b>Total</b>	<b>Sri Lanka</b>	<b>India</b>
<b>Fixed</b>	Had the money to obtain phone	88	91	87
	Paid in installments	7	<b>17</b>	4
<b>Mobile</b>	Had the money to obtain phone	82	80	86
	Paid in installments	6	5	7

## Reflects connection charges for fixed phones

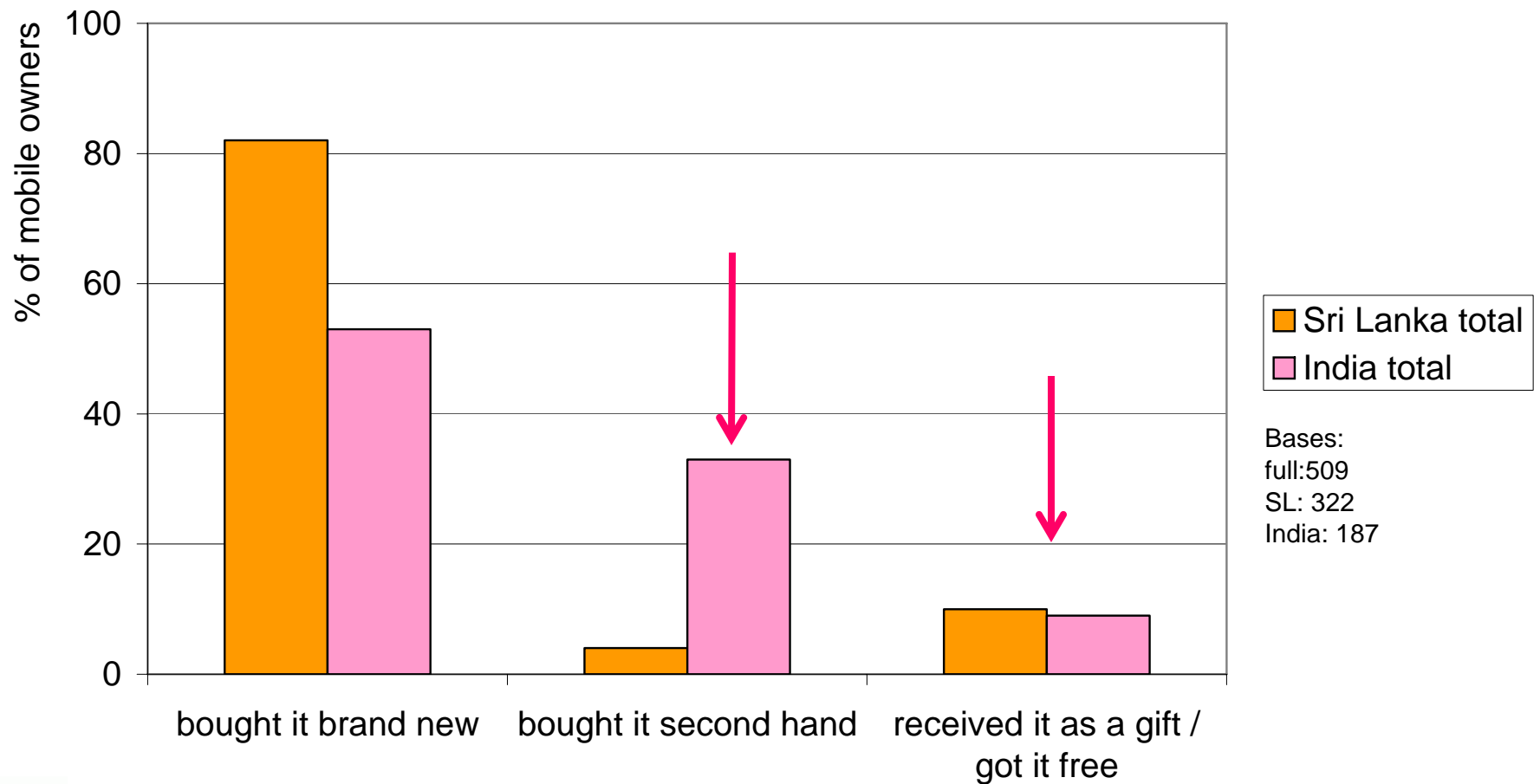
- Sri Lanka incumbent (min.) = USD 180
- Sri Lanka entrants = USD 120
- India incumbent = **USD 16**

# Opposite case in mobiles in Sri Lanka: less people had money available for connection

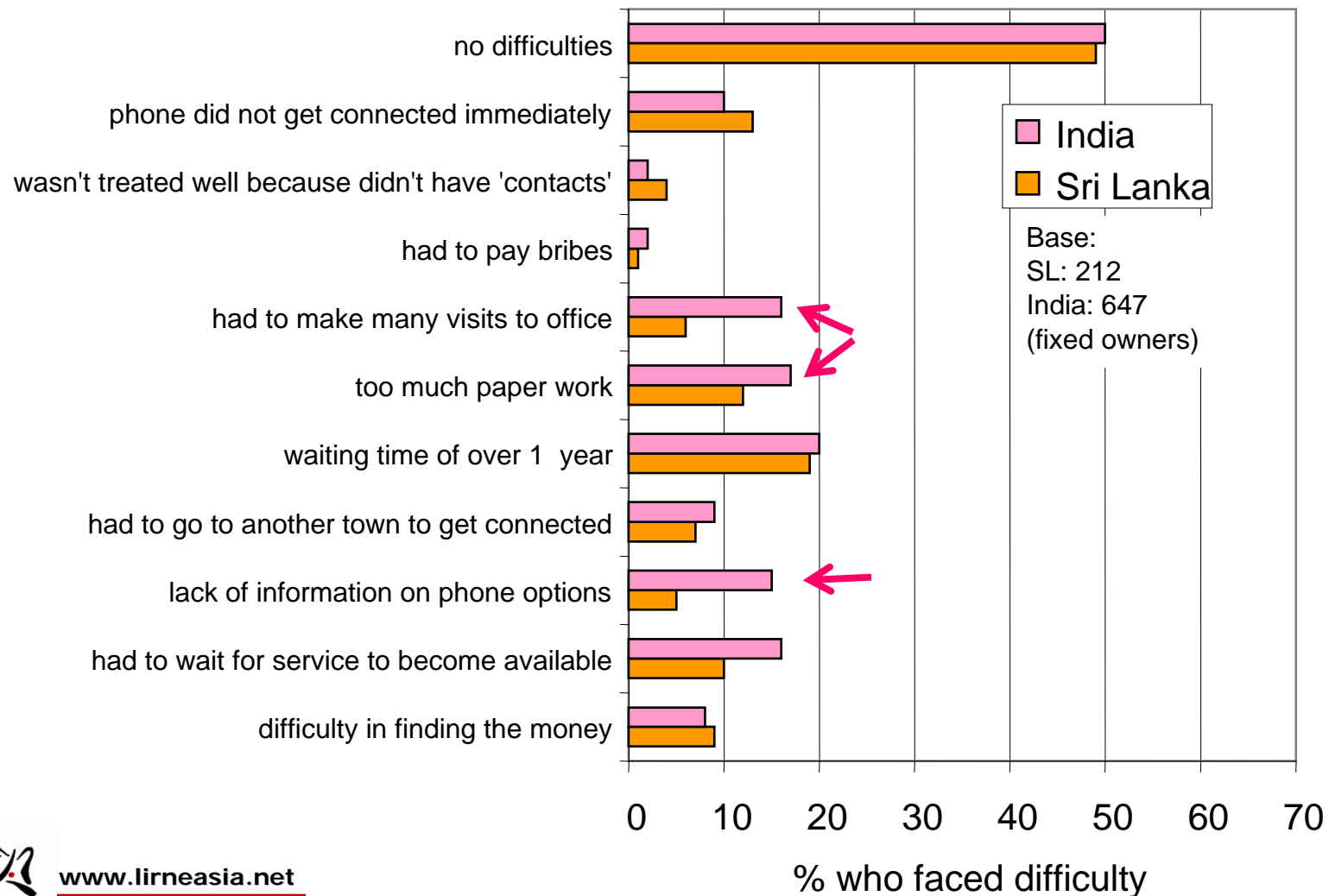
Where owners got money for the connection from



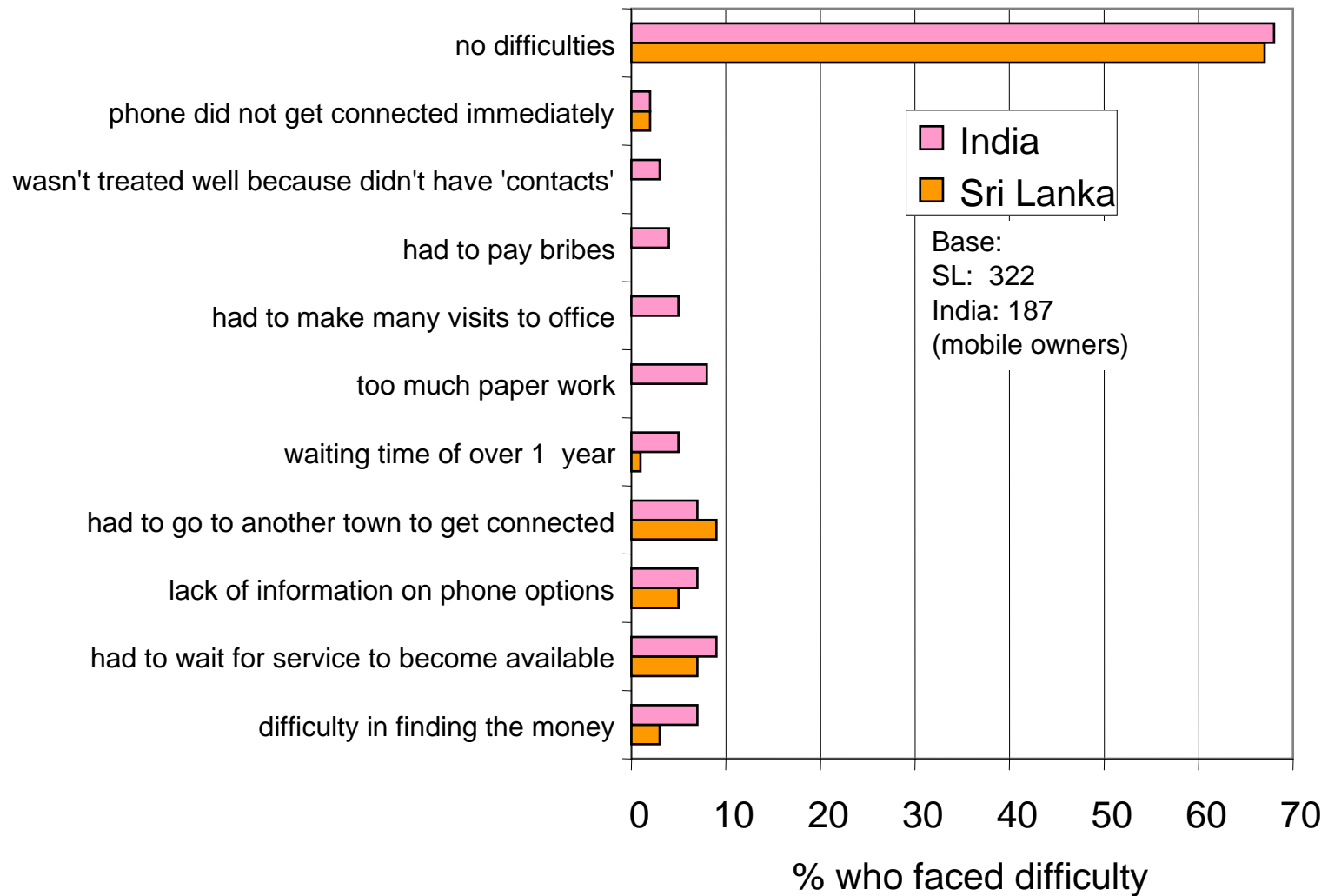
# Getting handsets: 10% got it free; 33% of Indians bought second-hand handsets



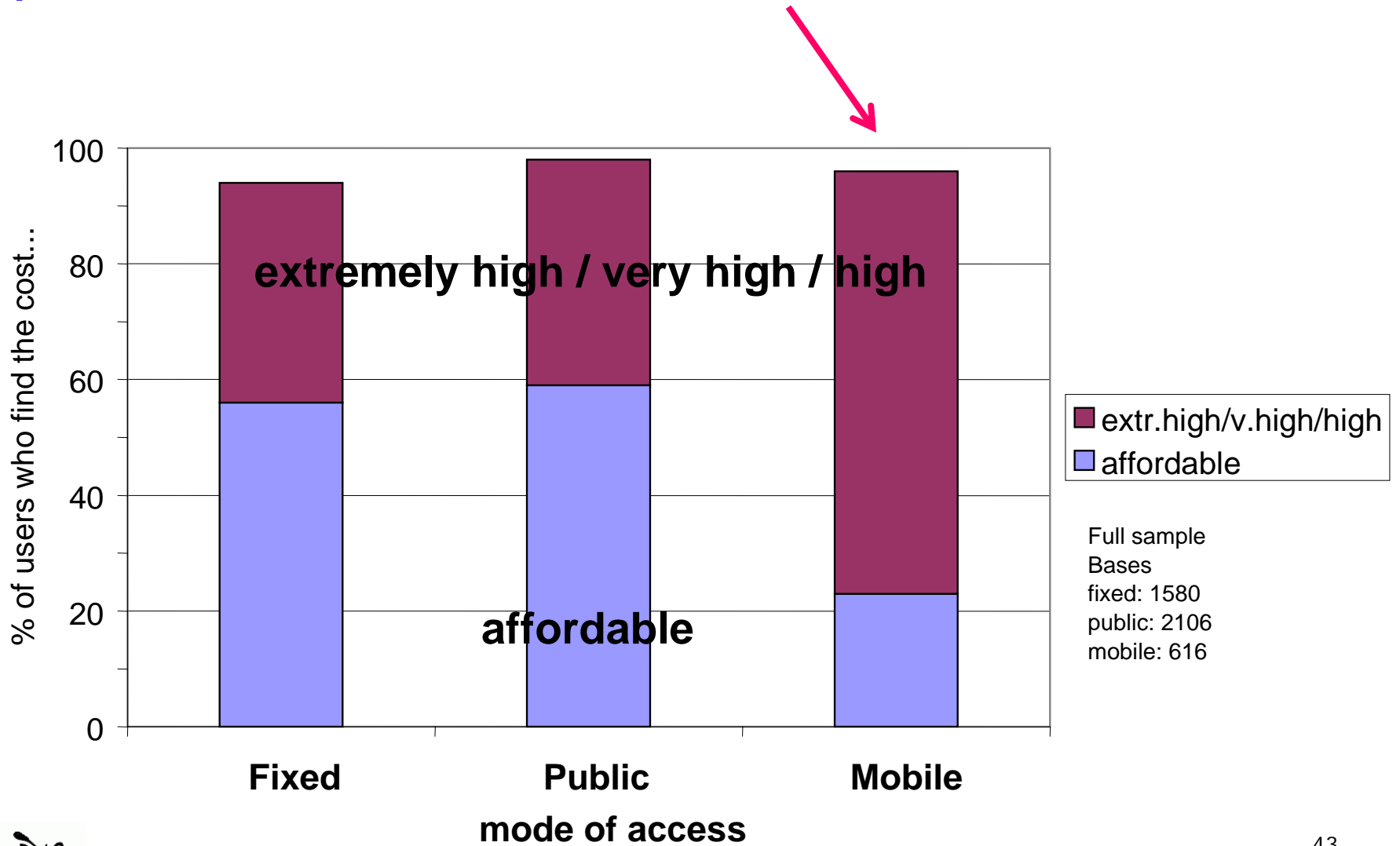
# Difficulties in getting **fixed** connections: waiting time, paper work, & other inconveniences in India



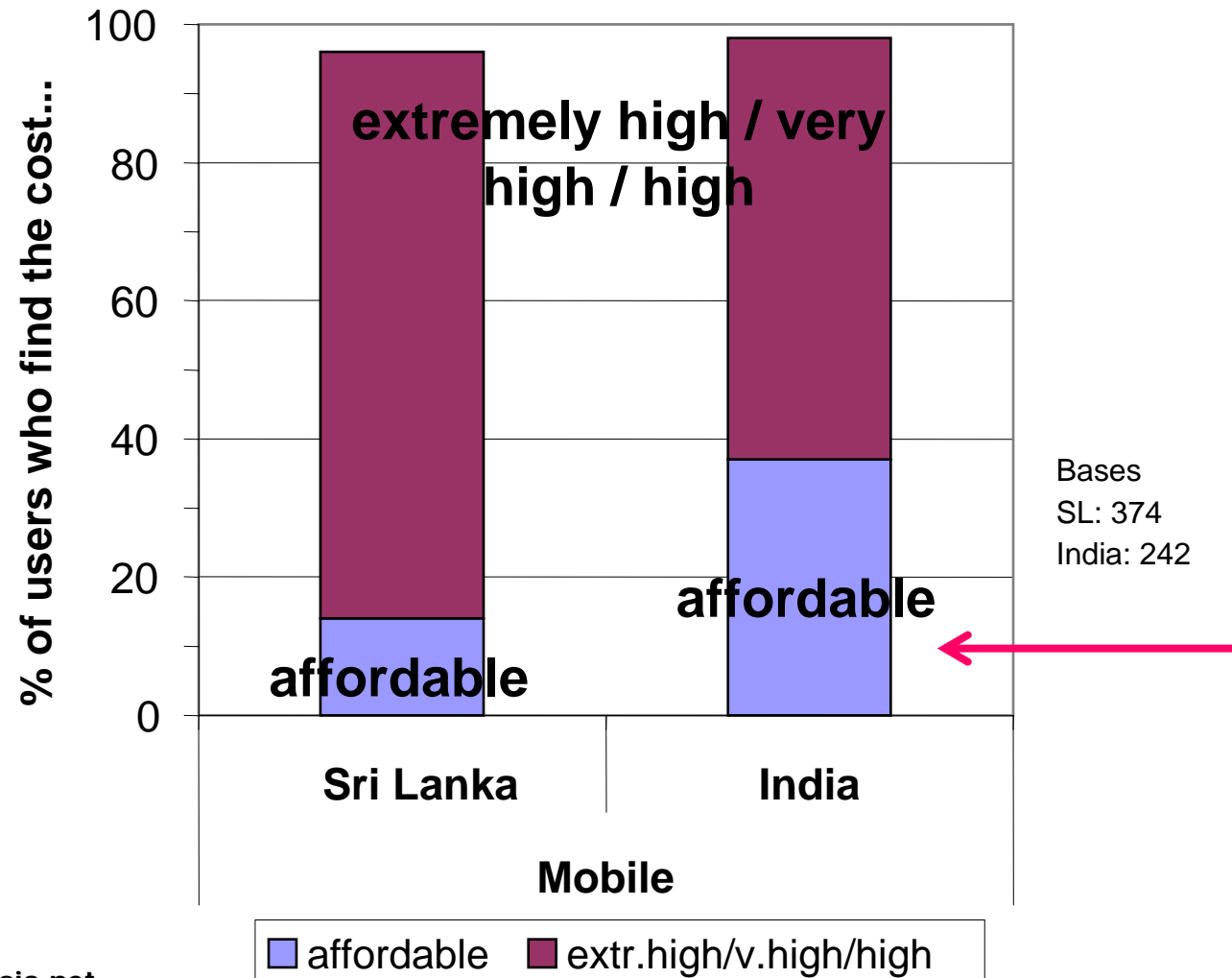
# Obtaining a **mobile** connection: it's relatively easier...



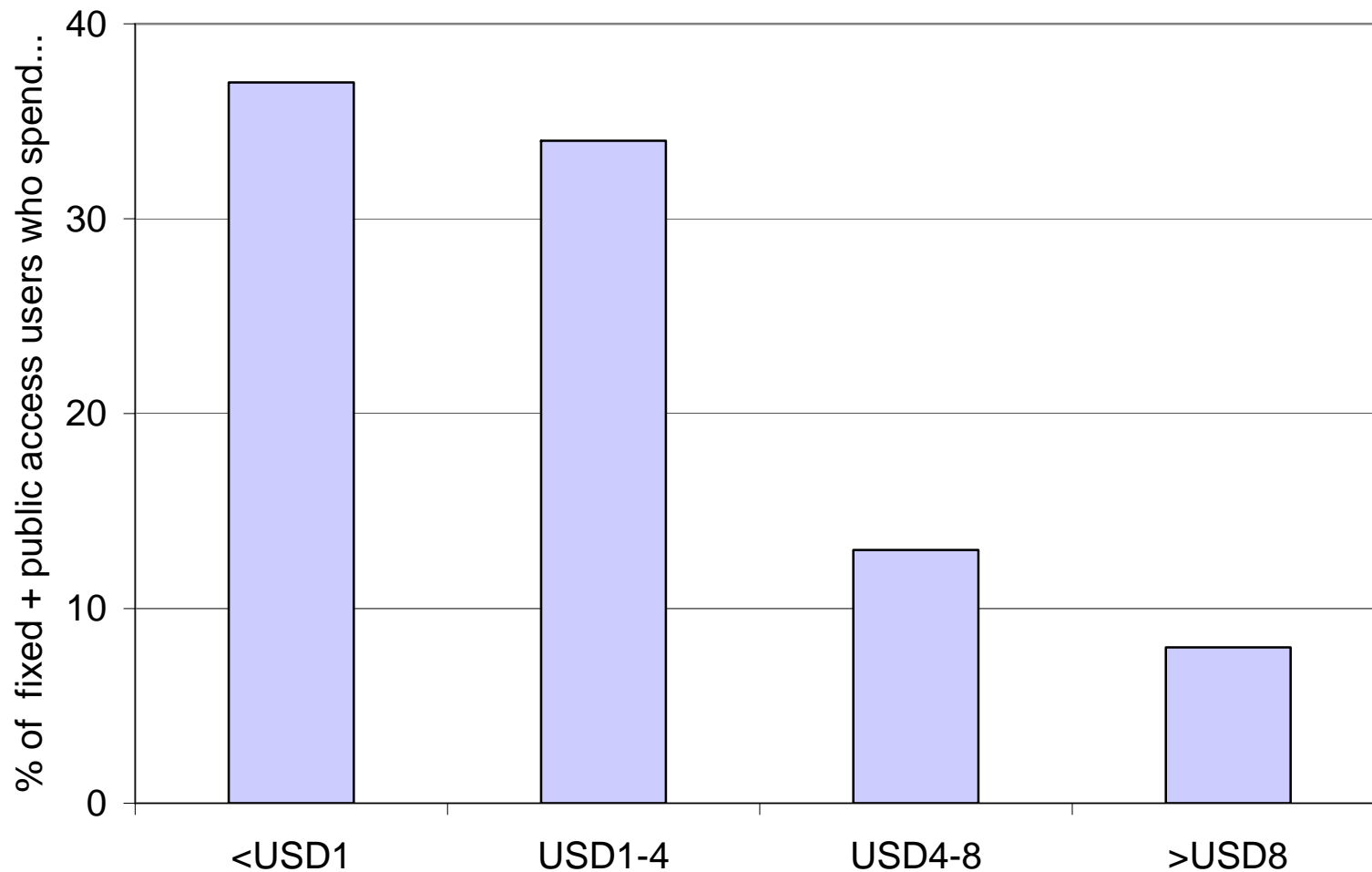
# Cost of **using** the phone: Mobile is perceived to be the least affordable



# But more affordable in India



# Fixed users spend less than USD4 per month (approx)



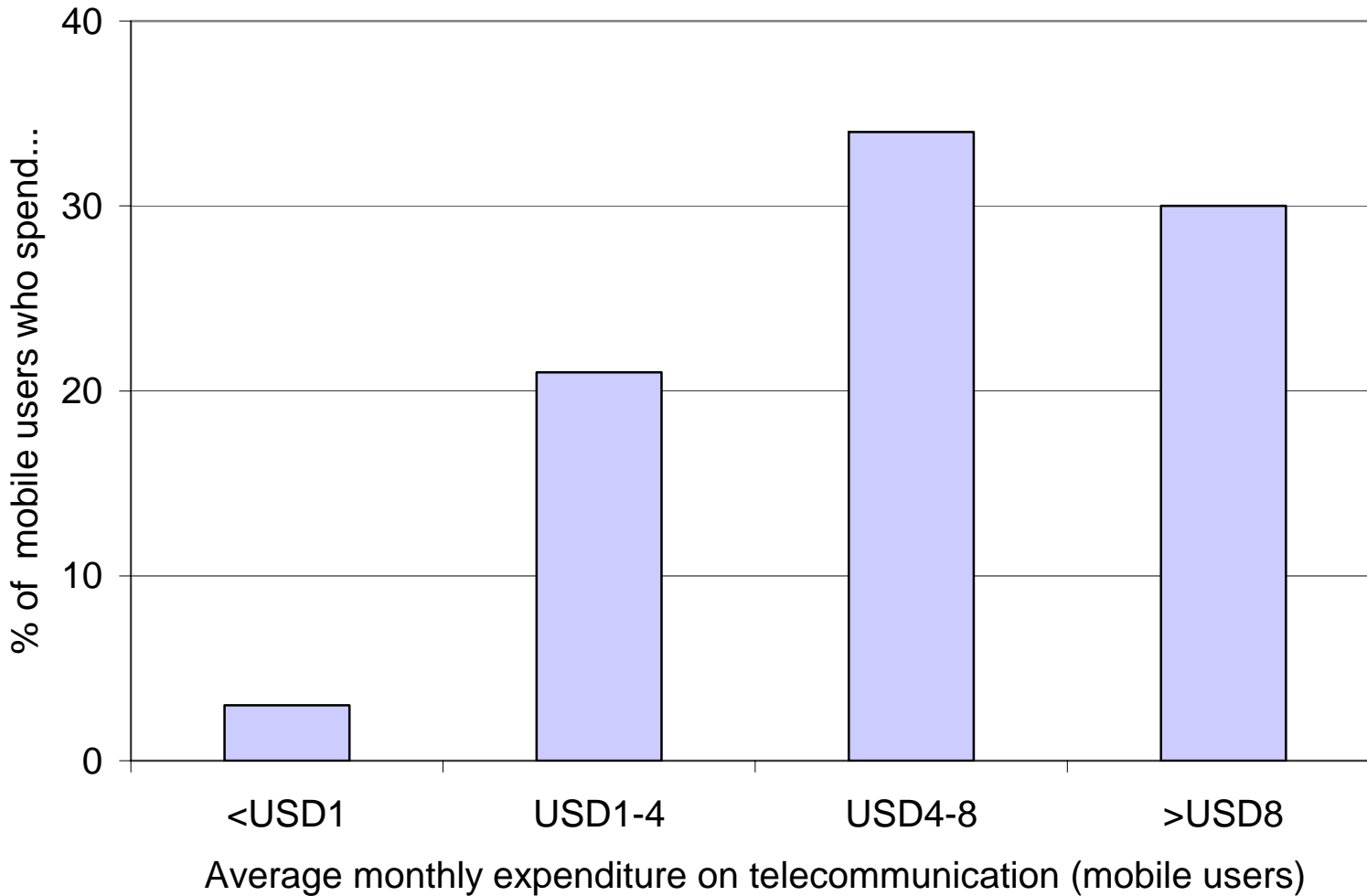
Average monthly expenditure on telecommunication (fixed + public access users)



[www.lirneasia.net](http://www.lirneasia.net)

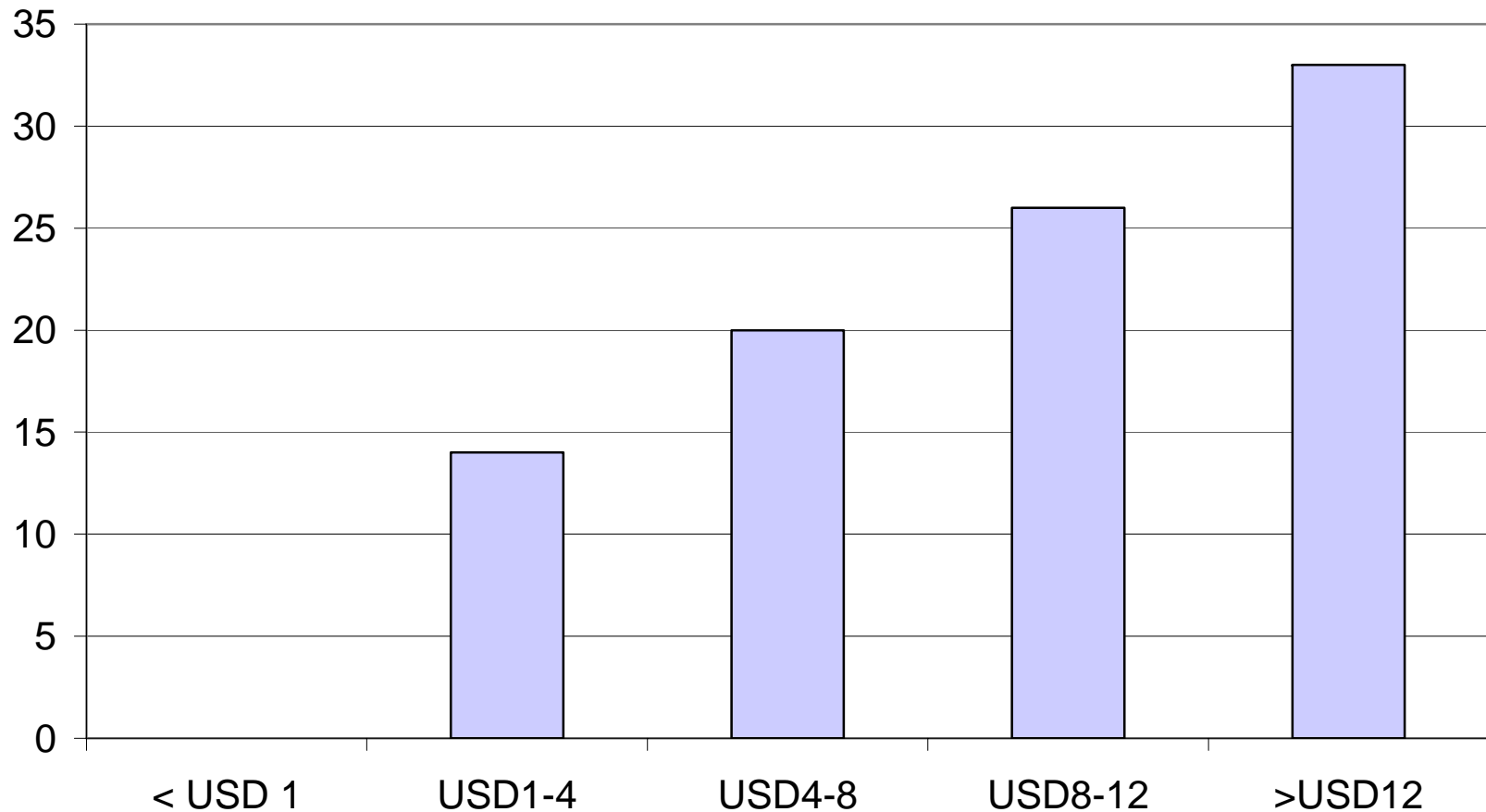
Base: fixed + public access users: 2854

# Mobile users spending much higher amounts



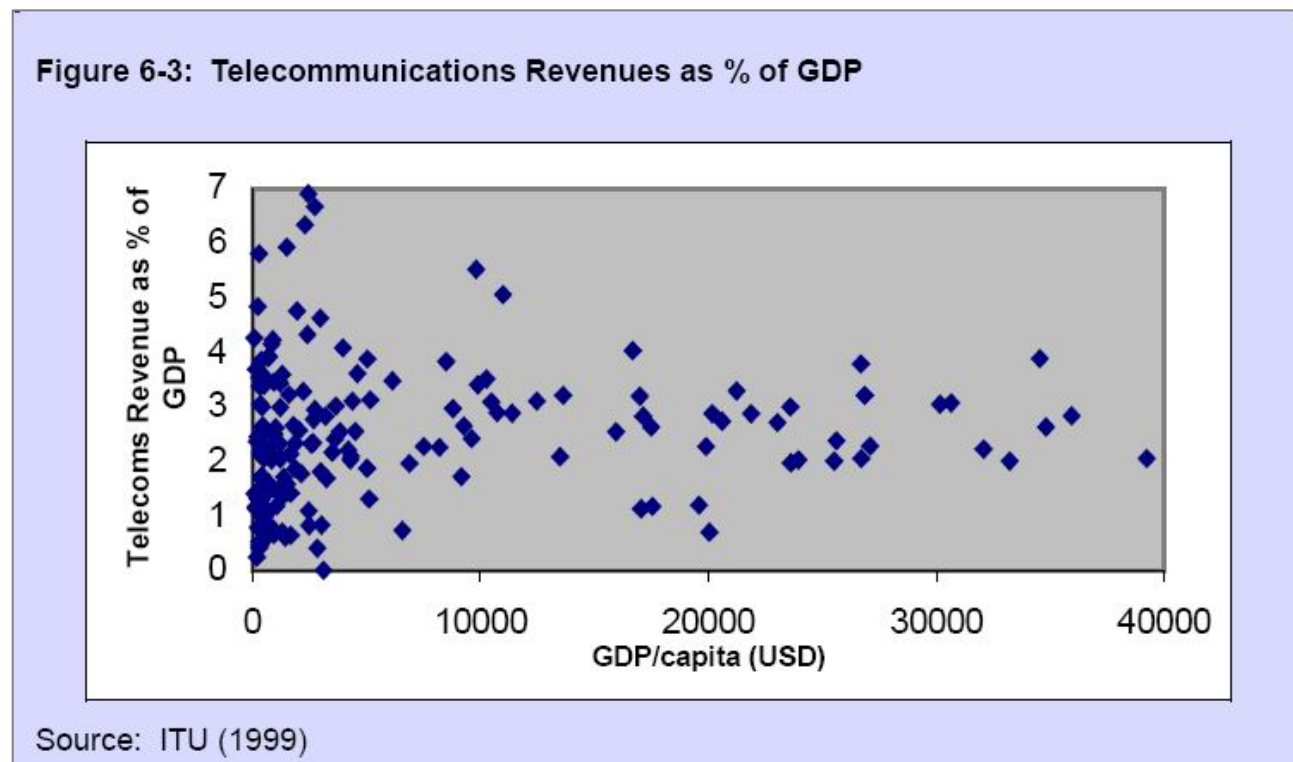
Base: mobile users: 616

# 33 % of Jaffna sample spend more than USD12 per month on mobile



- 'on average, around the world, people spend about 2-3% of their income on telecommunication'

Telecommunications Regulation Handbook, *infoDev*, module 6, p.6.6



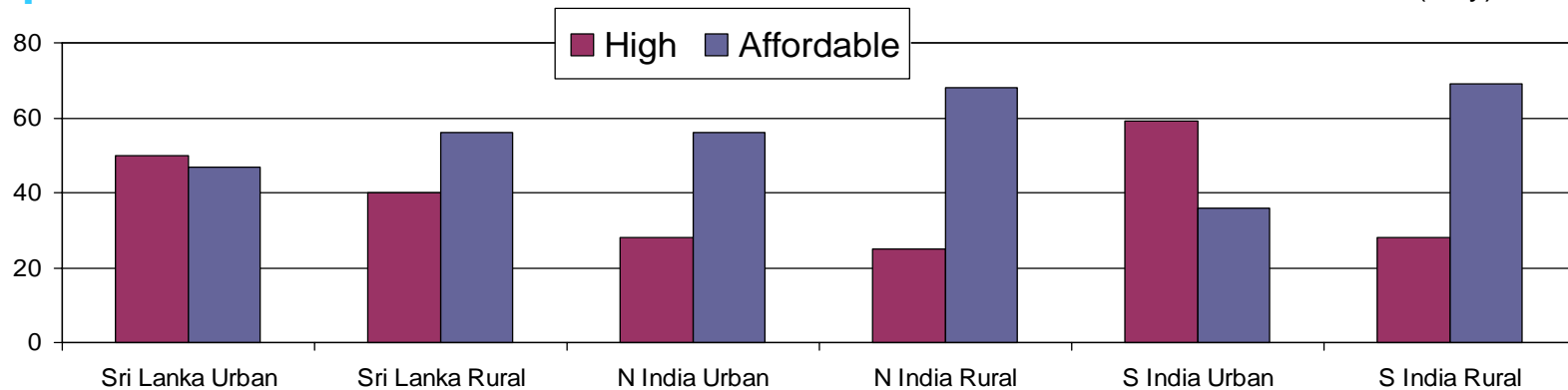
Graph taken from Telecommunications Regulation Handbook, *infoDev*; module 6



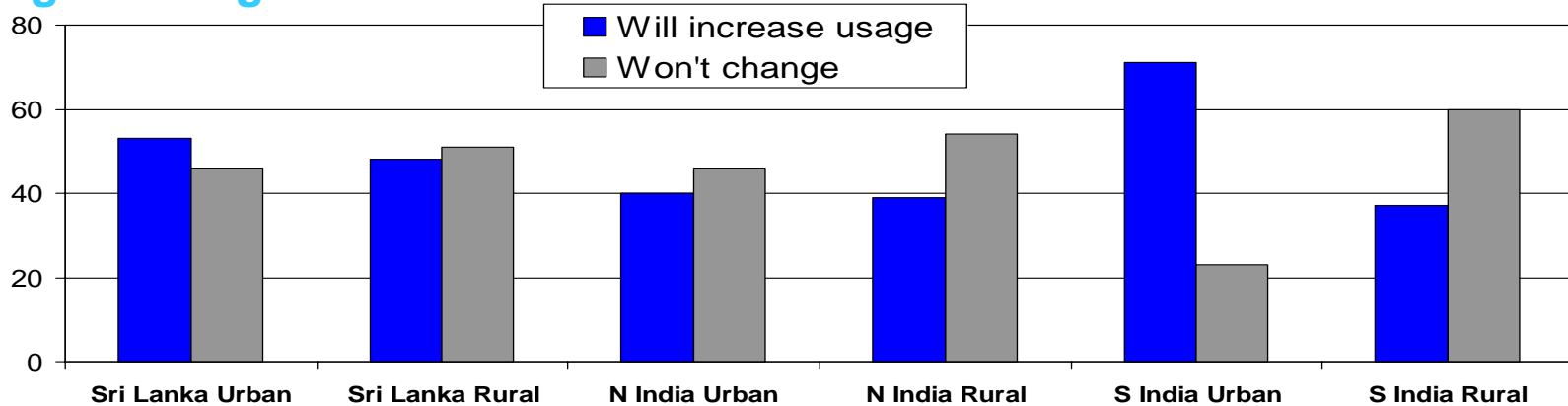
# Rural respondents perceive fixed phones to be more affordable, and less likely to change use if price changed

## Perception of current costs

Base: fixed (only) users



## Change in usage if costs were halved



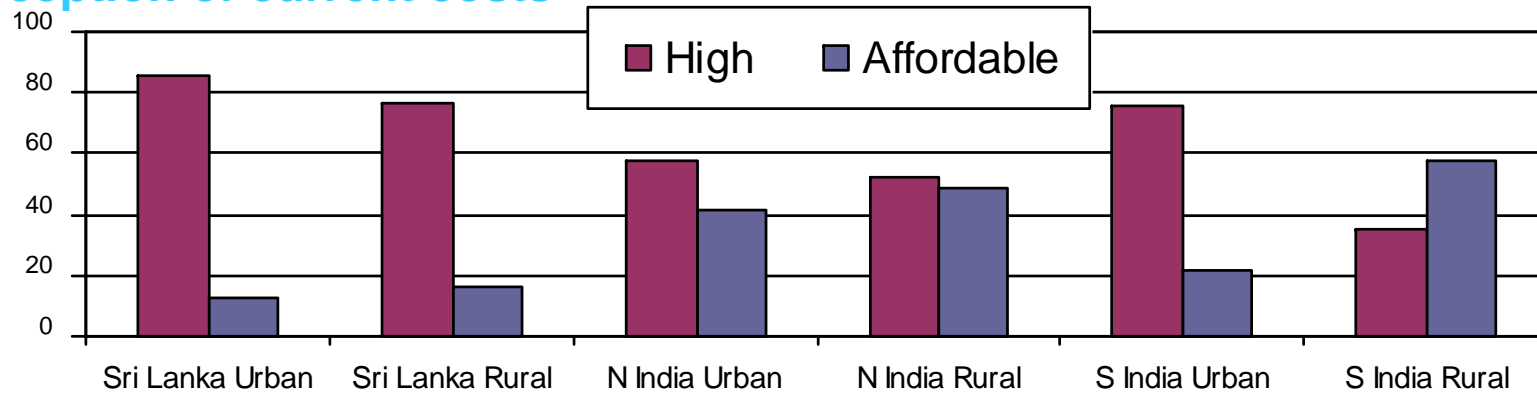
- Reflects telecom/transportation trade-off
- Access deficit charge in India ensures lower cost of rural fixed phones



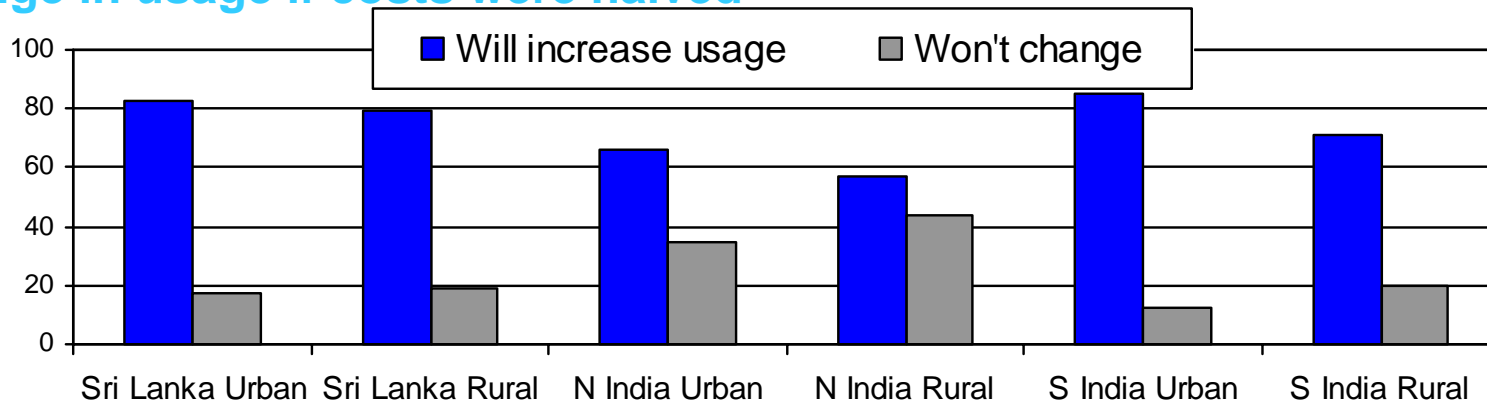
Mobiles perceived to be more costly & use would increase if costs were halved; rural users a little happier about cost

Perception of current costs

Base: mobile (only) users



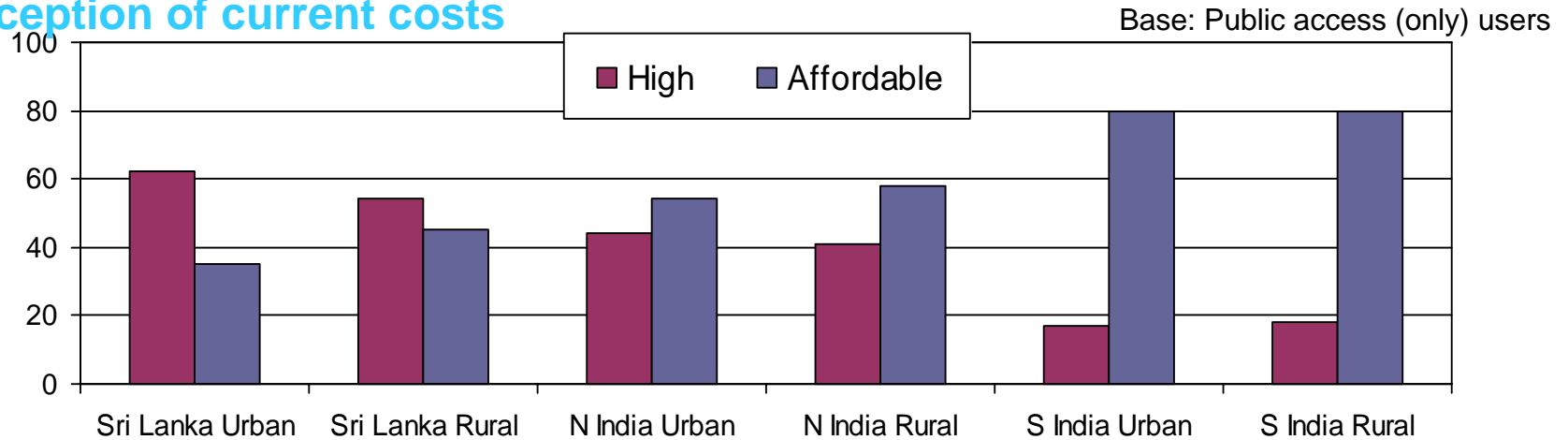
Change in usage if costs were halved



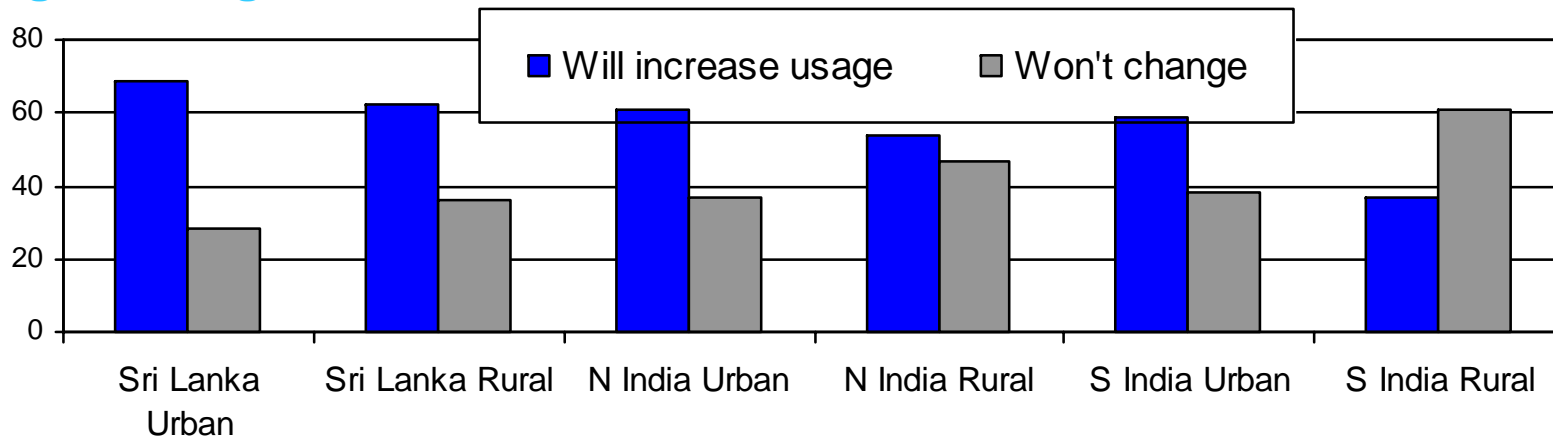
Reflects the said reasons for choice of mobile : **convenience**

# Public access: more affordable in rural areas

## Perception of current costs

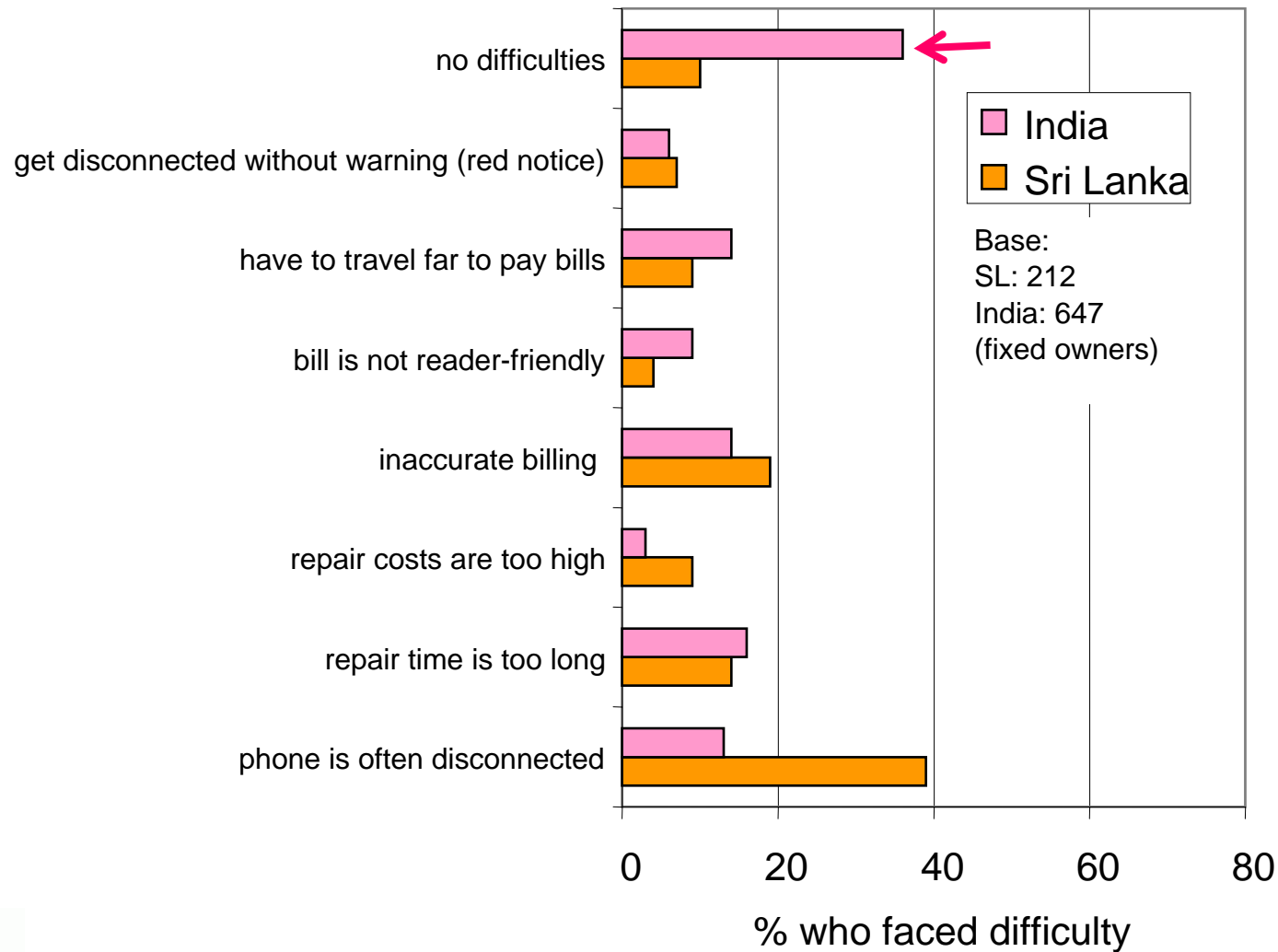


## Change in usage if costs were halved

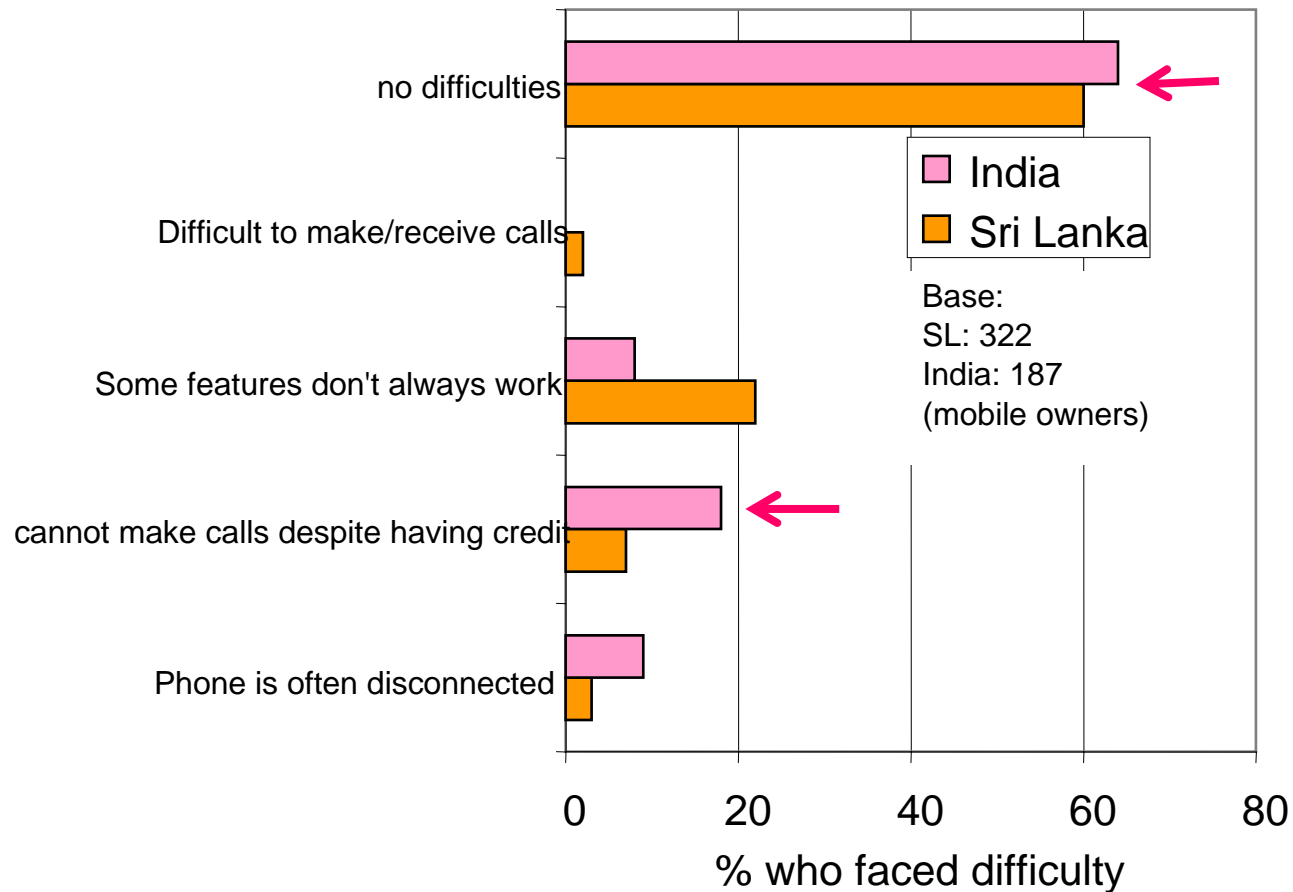


Despite respondents in India perceiving current costs to be affordable, they are willing to increase phone usage if costs were halved.

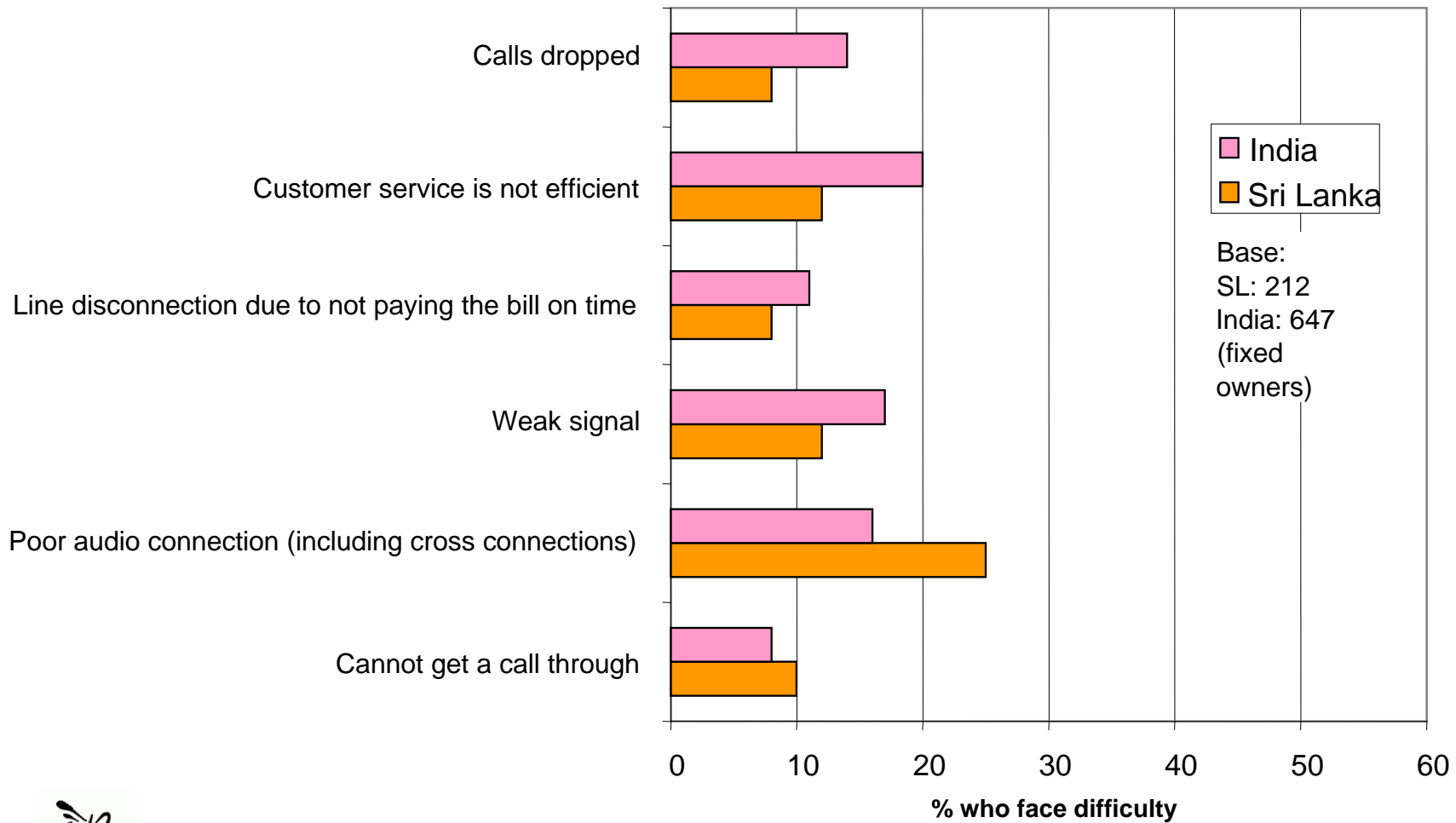
# Difficulties in use of fixed phones



# Less complaints about mobile use

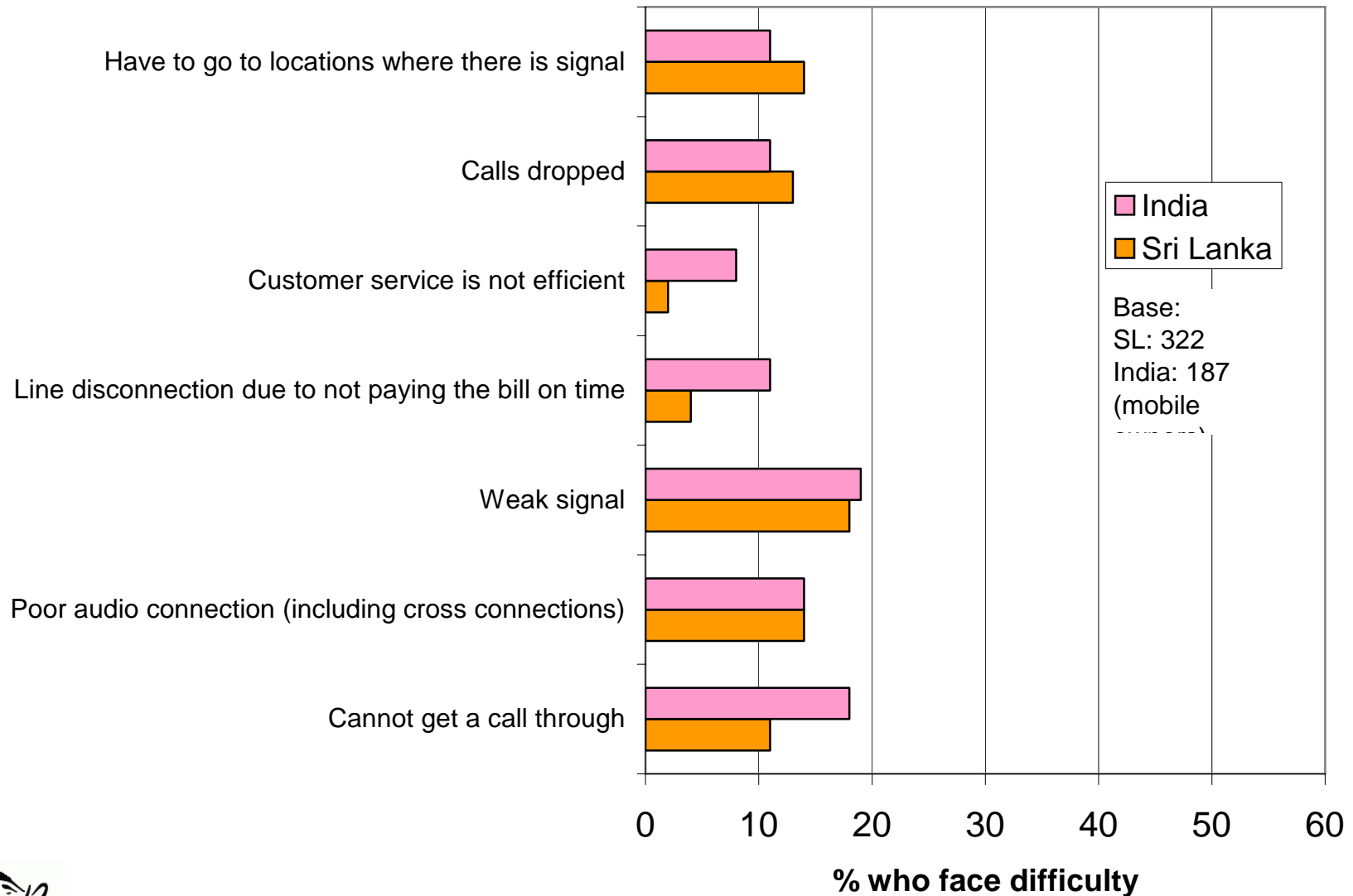


# Problems with the connection: fixed



# Problems with connection: mobile

- some complaints of poor quality connection



# In conclusion

- Neglected, silent group of consumers
  - Most rely on shared access
  - Little discretion
  - Not entirely happy with cost, esp. on mobile
  - Spend considerable amount on telecom services