

# Roaming: Regulate or not?

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# **WHY REGULATE ROAMING?**

# Arguments against

- Price deregulation is the trend; in intensely competitive markets it does not make sense to regulate tariffs
- Operators are bleeding in domestic markets; they can keep head above water only with roaming revenues
- Just because Europeans do something, we Asians should not follow
- Europe has special rationale of the single market; Asia does not
- Etc.

“Price deregulation is the trend; in intensely competitive markets makes no sense to regulate tariffs”

- Agree. The case for deregulation rests on competition
- But does competition exist with regard to roaming?

“Operators bleeding in domestic markets; can keep head above water only with roaming revenues”

- This sounds like an admission that the roaming market is a monopoly market where supranormal profits are being made
- This was the same story that was told with regard to international termination rates in the 1990s and later

# “Just because Europeans do something, we Asians should not follow”

- This also sounds like what I was told when I tried to get operators to pay attention to quality of service: “our people do not care about quality of service; do not bring American values into our industry”
- Why is that only Asians should have no clue about what they’re spending when they’re roaming?
- Why is it that only Asians should get heart attacks when they see their bills?
- Now Singapore and Malaysia have acted, roaming is no longer a European monopoly

# Sample of 2010 intra-European roaming prices: Simplicity for the consumer

Tariff in EURO July 2010		Roaming in					
		Cyprus	Czech Republic	Denmark	Estonia	Finland	France
Roaming from	Cyprus		0.45	0.45	0.45	0.45	0.45
	Czech Republic	0.51		0.51	0.51	0.51	0.51
	Estonia	0.47	0.47	0.47		0.47	0.47
	Finland	0.48	0.48	0.48	0.48		0.48
	Germany	0.46	0.46	0.46	0.46	0.46	0.46
	Greece	0.38	0.38	0.38	0.38	0.38	0.38
	Ireland	0.47	0.47	0.47	0.47	0.47	0.47
	Lithuania	0.48	0.48	0.48	0.48	0.48	0.48

# Current intra-European roaming prices: Simplicity continues; prices converging

Tariff in EURO April 2011		Roaming in					
		Cyprus	Czech Republic	Denmark	Estonia	Finland	France
Roaming from	Cyprus		0.45	0.45	0.45	0.45	0.45
	Czech Republic	0.50		0.50	0.50	0.50	0.50
	Estonia	0.47	0.47	0.47		0.47	0.47
	Finland	0.48	0.48	0.48	0.48		0.48
	Germany	0.46	0.46	0.46	0.46	0.46	0.46
	Greece	0.48	0.48	0.48	0.48	0.48	0.48
	Ireland	0.39	0.39	0.39	0.39	0.39	0.39
	Lithuania	0.48	0.48	0.48	0.48	0.48	0.48

 Increase

 Decrease

 Same



# Contrast with confusion imposed on Asian roamers (sample of local call charges in 2010)

Tariff in USD July 2010		Roaming in								
		Afghan istan	Bangla desh	Bhutan	Brunei	China	Hong Kong	India	Malays ia	Singap ore
Roaming from	Afghanistan	-	1.50	-	-	2.50	2.50	2.50	3.00	2.50
	Bangladesh	0.60	-	1.29	0.20	0.70	0.30	1.07	0.26	0.43
	Bhutan	-	-	-	-	-	0.39	1.36	-	-
	Brunei Darussalam	-	0.44	-	-	0.93	0.39	1.40	0.37	0.60
	China	0.74	0.59	-	0.74	-	-	1.18	0.44	0.29
	Hong Kong	0.71	0.47	1.53	0.33	0.40	-	1.61	0.34	0.64
	India	0.60	0.64	1.28	0.28	0.70	0.30	-	0.28	0.43
	Malaysia	2.54	1.59	2.23	1.11	1.27	1.11	3.18	-	1.11
	Singapore	1.34	0.72	2.16	0.72	0.72	0.72	1.58	0.36	-

# Asian roamers making local calls: Confusion compounded by increases, except . . .

Tariff in USD <b>April 2011</b>		Roaming in									
		Afghanistan	Bangladesh	Bhutan	Brunei	China	Hong Kong	India	Malaysia	Singapore	Vietnam
Roaming from	Afghanistan		<b>1.50</b>							<b>2.50</b>	<b>3.00</b>
	Bangladesh	<b>0.69</b>		<b>1.55</b>	<b>0.38</b>					<b>0.56</b>	<b>0.29</b>
	Bhutan										
	Brunei									<b>0.67</b>	<b>0.54</b>
	China					<b>0.77</b>		<b>1.23</b>	<b>0.15</b>	<b>0.15</b>	<b>0.62</b>
	Hong Kong			<b>0.66</b>	<b>0.38</b>	<b>0.40</b>		<b>1.85</b>	<b>0.37</b>	<b>0.68</b>	<b>0.47</b>
	India	<b>0.60</b>	<b>0.63</b>	<b>1.34</b>	<b>0.31</b>	<b>0.74</b>	<b>0.29</b>		<b>0.29</b>	<b>0.47</b>	<b>0.31</b>
	Malaysia	<b>3.99</b>	<b>4.07</b>	<b>3.99</b>	<b>2.74</b>	<b>1.09</b>	<b>2.78</b>	<b>3.41</b>		<b>1.81</b>	<b>1.75</b>
	Singapore	<b>1.52</b>	<b>0.81</b>	<b>2.43</b>	<b>0.81</b>	<b>0.81</b>	<b>0.81</b>	<b>1.78</b>	<b>0.41</b>		<b>0.49</b>
	Vietnam	<b>1.06</b>	<b>1.06</b>	<b>1.06</b>	<b>0.53</b>	<b>1.06</b>	<b>0.53</b>	<b>1.06</b>	<b>0.53</b>	<b>0.53</b>	

From May 1<sup>st</sup>, 2011 the rate **decreased to USD 0.32**.... Will decrease further to USD 0.28 in May 2012

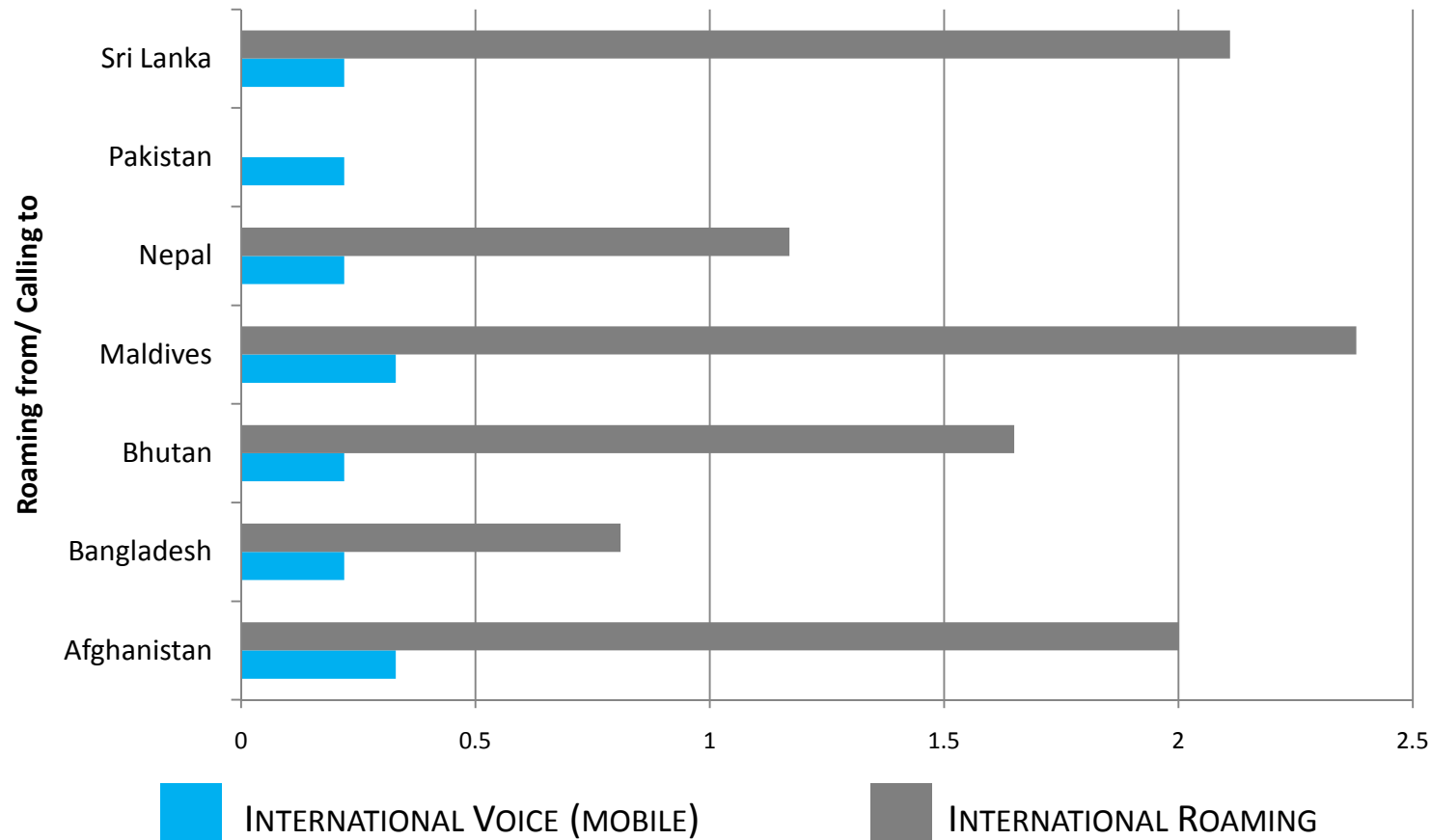
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# Asian roaming rates are not only higher than in Europe (opposite of normal charges)

- They are confusing
  - Except in the case of Afghanistan, Vietnam and few other countries (bands, not as simple as in Europe)
- Local call made while roaming way more expensive than a local call made from domestic SIM
  - An Afghani roamer in Sri Lanka would pay USD 3/mt to call a local number, compared to the USD 0.022 at weekday peak it would cost her if she obtained a local SIM
    - Can anyone justify the same service costing **136 times more** just because a remote database has to be queried?

# The example of India

*An Indian calling home - Roaming vs. International Voice using local SIM (Mobile)*



# Do these SMS prices make any sense?

SMS costs  
USD 0.018  
from local SIM in PK

Tariff in USD July 2010		Roaming in								
		Malaysi a	Maldiv e s	Mongol ia	Nepal	New Zealand	Pakista n	Papua New Guinea	Philippi nes	Singapo re
Roaming from	Malaysia	-	0.64	0.64	0.64	0.64	0.64	0.64	0.32	0.32
	Maldives	0.26	-	0.30	0.26	0.28	0.22		0.25	0.27
	Mongolia	0.46	0.35	-	-	0.43	0.20	0.49	0.28	0.34
	Nepal	0.37	0.45	-	-	0.34	0.18	-	-	0.25
	New Zealand	0.55	0.55	0.55	0.55	-	0.55	0.55	0.55	0.55
	Pakistan	0.37	0.37	-	0.37	0.37	-	0.37	0.37	0.37
	Papua New Guinea	0.40	-	0.40	-	0.40	0.40	-	0.40	0.40
	Philippines	0.54	0.54	0.54	0.54	0.54	0.54	-	-	0.54
	Singapore	0.44	0.43	0.43	0.43	0.44	0.43	0.43	0.43	-

# Asian roamers sending SMS: Not only exorbitant but getting worse?

Tariff in USD April 2011		Roaming in									
		Malaysia	Maldives	Mongolia	Nepal	New Zealand	Pakistan	Papua New Guinea	Philippines	Singapore	Vietnam
Roaming from	Malaysia		0.67	0.67	0.67	0.67	0.67	0.67	0.33	0.33	0.33
	Maldives	0.26					0.22		0.23	0.27	0.16
	Mongolia	0.49					0.19	0.47	0.27	0.37	0.19
	Nepal	0.63					0.33		0.37	0.46	0.14
	New Zealand	0.64					0.64				
	Pakistan	0.37									
	Papua New Guinea										
	Philippines	0.58	0.58	0.58	0.58	0.58	0.58				
	Singapore	0.49	0.49	0.49	0.42	0.49	0.49				
	Vietnam	0.21	0.21	0.21	0.21		0.21	0.21	0.21	0.21	

From May 1<sup>st</sup>, 2011 the rate **decreased to USD 0.23**... will decrease further to USD 0.17 in May 2012

From May 1<sup>st</sup>, 2011 the rate **decreased to USD 0.35** .... Will reduce further to USD 0.25 in May 2012

# “Europe has special rationale of the single market; Asia-Pacific does not”

- Why not? Do not ASEAN and SAARC wish to lower barriers to trade and investment?
  - Discussions underway on ASEAN+3 versus East Asian Community that would include ASEAN+3, Australia, New Zealand and India
- Singapore and Malaysia have **already** bilaterally reduced roaming charges on voice and SMS
  - On May 1<sup>st</sup>, 2011, roaming on voice reduced by 20% and on SMS by 30%
  - By May 1<sup>st</sup>, 2012, roaming on voice would have reduced by 30% and on SMS by 50% from April 2011 rates.
- After 2010 NZ-AU roaming study, New Zealand has now launched a formal proceeding into trans-Tasman roaming services

# Europeans are still not done ...

- Current draft plans calls for the following:
  - Cap on roaming calls to reduce to €0.24 from the current €0.39 (~40% reduction) by July 1, 2014
  - Cap on sending an SMS while roaming to reduce to €0.08 from the current €0.10 (20% reduction) by July 1, 2014
  - Introduce a cap on retail charges for data roaming
    - Current: €2.50/Mb
    - By July 1, 2012: €0.90/Mb
    - By July 1, 2014: €0.70/Mb



# Market forces are coming up with inelegant solutions

- Networks in East Africa treat roamers exactly the same as home-network customers
  - Actually not cost reflective; additional costs caused by roamers not covered
  - Zain (now Bharti Airtel) came up with One Network; countered by alliance of operators
- Operators working out discounts with partners
  - Various kinds of competitive responses
  - Consumers saddled with complex procedures

# What can industry do?

- Self-regulate collectively
  - Simplify the tariffs; make it easier for people to understand what they are getting into
  - Converge toward similar prices before they are compelled to
    - Why not get the business that is being currently lost due to people not using their roaming phones?
    - Reduce the messiness of tourists using local SIMs
- Pre-empt crude regulation and cruder One Network type solutions

# What can government/regulators do?

- Reexamine international termination policies, including on gateways, in light of pressures of bypass, and losses to national economy through black money and various workarounds
  - Consider security problems posed by tourists using local SIMs
- Jawbone operators into doing more about intra-regional international call prices (affects more people) and roaming (affects key people)

# What LIRNEasia is doing to assist

- We will continue to collect and publish information on international call prices and roaming prices (making a local call in roaming country, calling home from roaming country, receiving a call, sending an SMS) at <http://lirneasia.net/projects/2010-12-idrc-main-project/indicators-continued/benchmarks/> using a standard methodology
  - Domestic voice and SMS prices collected since 2007, but discontinued in 2010
  - Uptodate price data must be posted online by regulatory agencies