

Bahrain Telecom Pricing

International Benchmarking

March 2013

2013



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Report overview

- ▶ This report focusses specifically on Bahrain retail prices for telecommunications services in comparison to other GCC countries¹. Comparisons are also made with average prices in Arab countries and OECD countries.
- ▶ The services covered in this report are the same as the services covered in the main AREGNET report², namely:
 - ▶ Fixed voice (PSTN)
 - ▶ Mobile telephony
 - ▶ Fixed Broadband
 - ▶ Mobile Broadband
 - ▶ Leased lines
- ▶ In addition, an aggregate analysis has been included to illustrate the likely total costs faced by consumers, who subscribe to a number of services. In this analysis, 3 user profiles have been defined a low usage, a medium usage and a high usage.
- ▶ All the results contained in the report are derived directly from data from the main AREGNET study, which is based on OECD methodologies, and which uses data gathered in May 2012.
- ▶ Monthly baskets prices are expressed in US\$ and converted using PPP.
- ▶ An overview of the study methodology, as well as a description of the baskets considered within each service can be found in a separate document³.

Note:

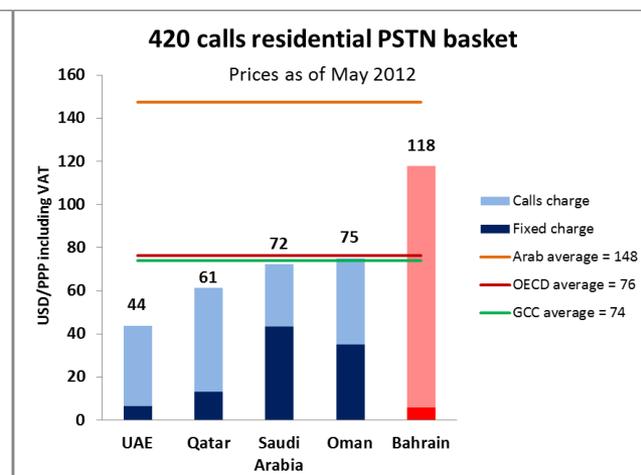
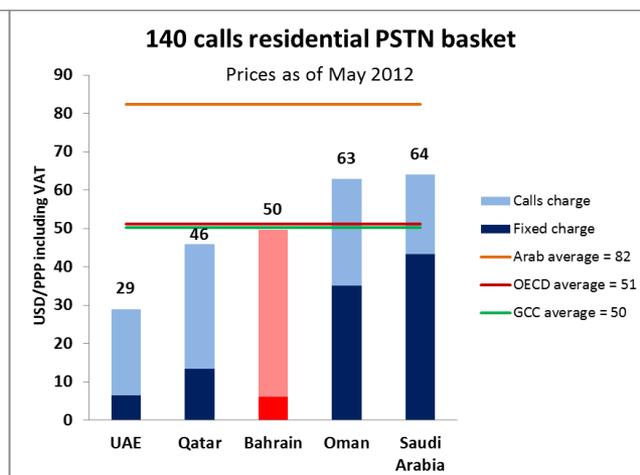
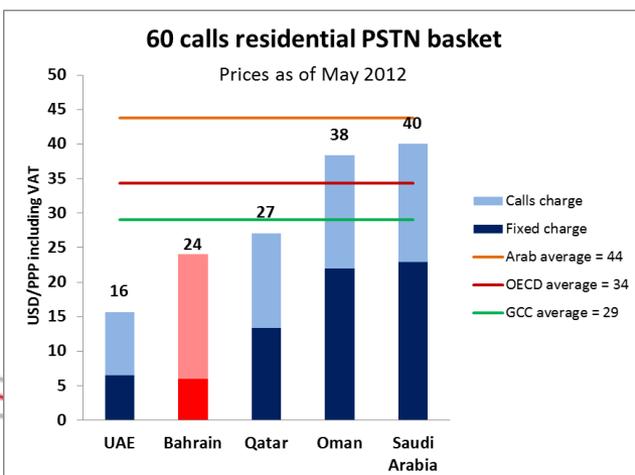
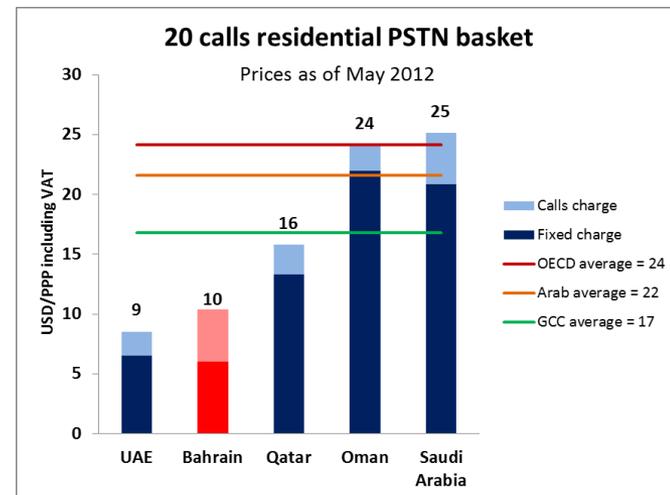
1 - Data for Kuwait is not available for all services (except mobile).

2 - 2012 Price Benchmarking of Telecommunications Service in the Arab Countries.

3 - AREGNET Price Benchmarking Methodology 2012.

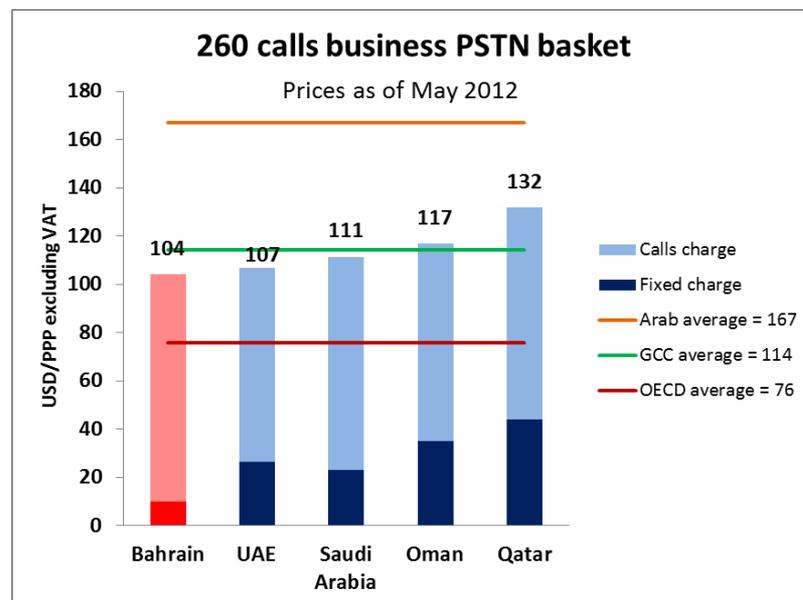
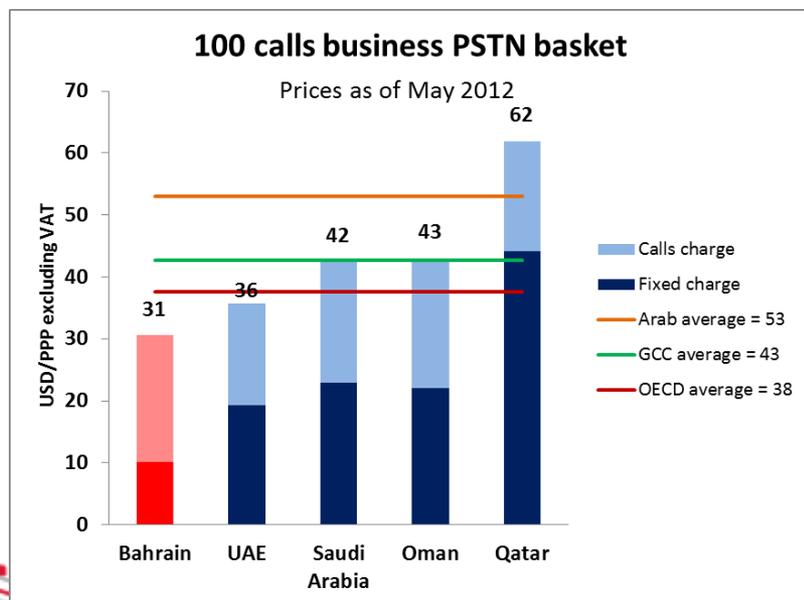
PSTN residential baskets

- ▶ Bahrain has the lowest fixed charge for residential telephone lines, and relatively high calling charges, resulting in Bahrain performing well for the low and medium call baskets, but being the most expensive in the high number of calls basket.
- ▶ The lack of tariff rebalancing in Bahrain may become an issue if competition drives down calling prices, and if new investment is to occur in the access network.
- ▶ Many of the other GCC countries have lower or “free” fixed line calls, while corresponding calls in Bahrain are on the high side. This contributes to the escalation of cost as usage increase.



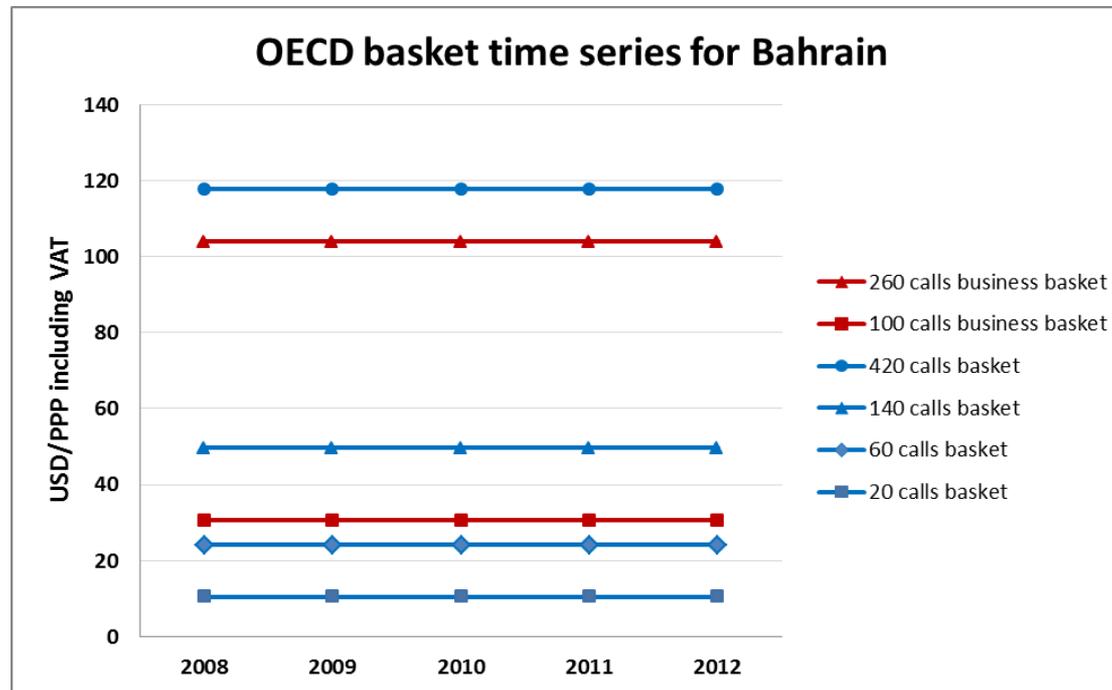
PSTN business baskets

- ▶ Bahrain has the lowest fixed charge for business telephone lines, and relatively high calling charges (especially for domestic fixed-to-fixed calls).
- ▶ Bahrain is performing well for low usage, e.g. for the low call basket (100 calls).
- ▶ Bahrain is also the most competitive country among the GCC for the high call basket (260 calls), although UAE is only slightly more expensive.



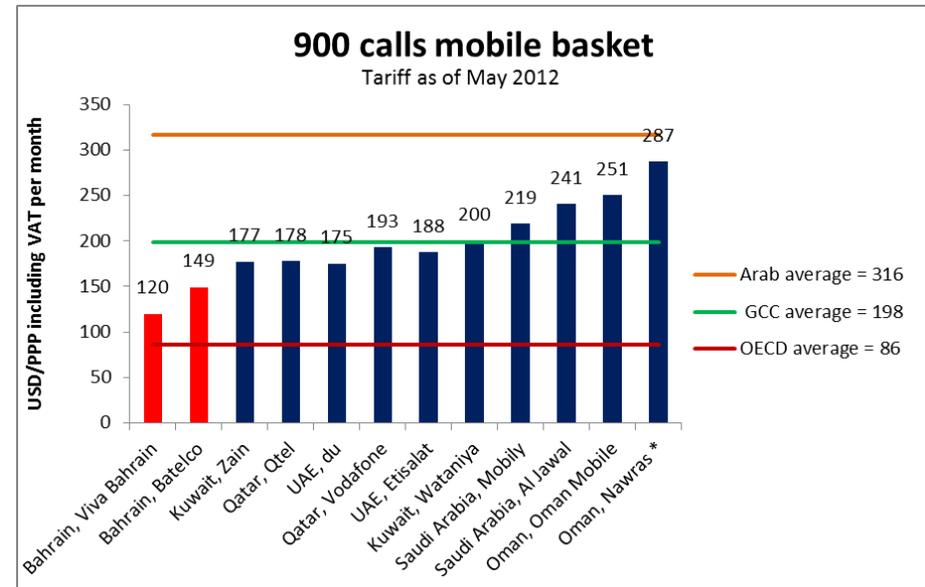
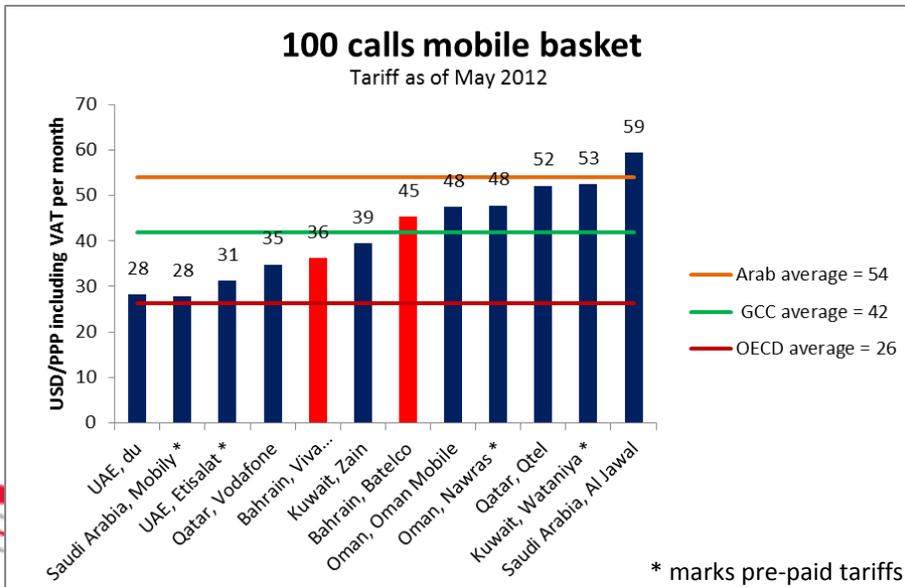
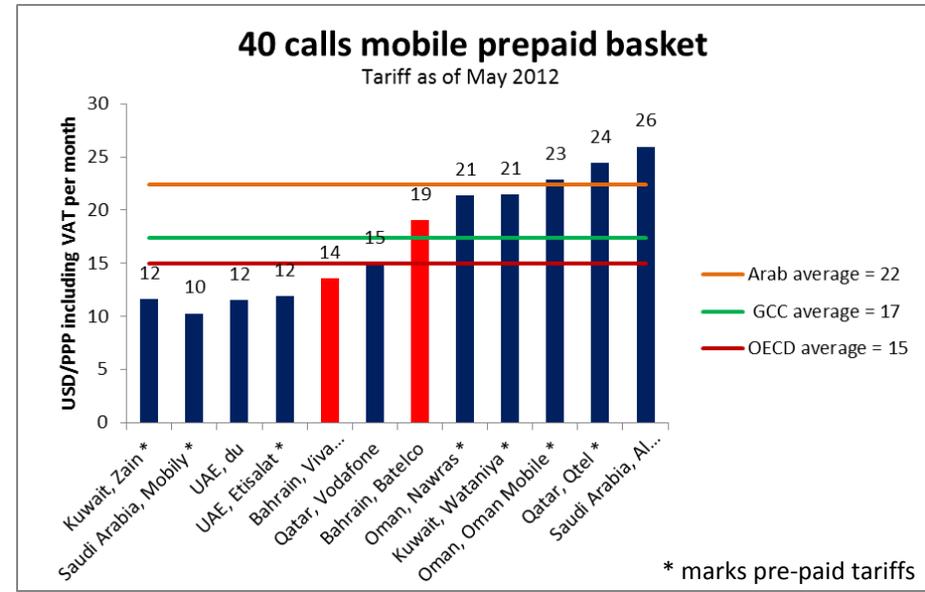
PSTN baskets results time series for Bahrain

- ▶ PSTN pricing in Bahrain has been static in nominal terms for all users in the last five updates.
- ▶ Prices have remained competitive during this time, however, compared to other GCC countries.



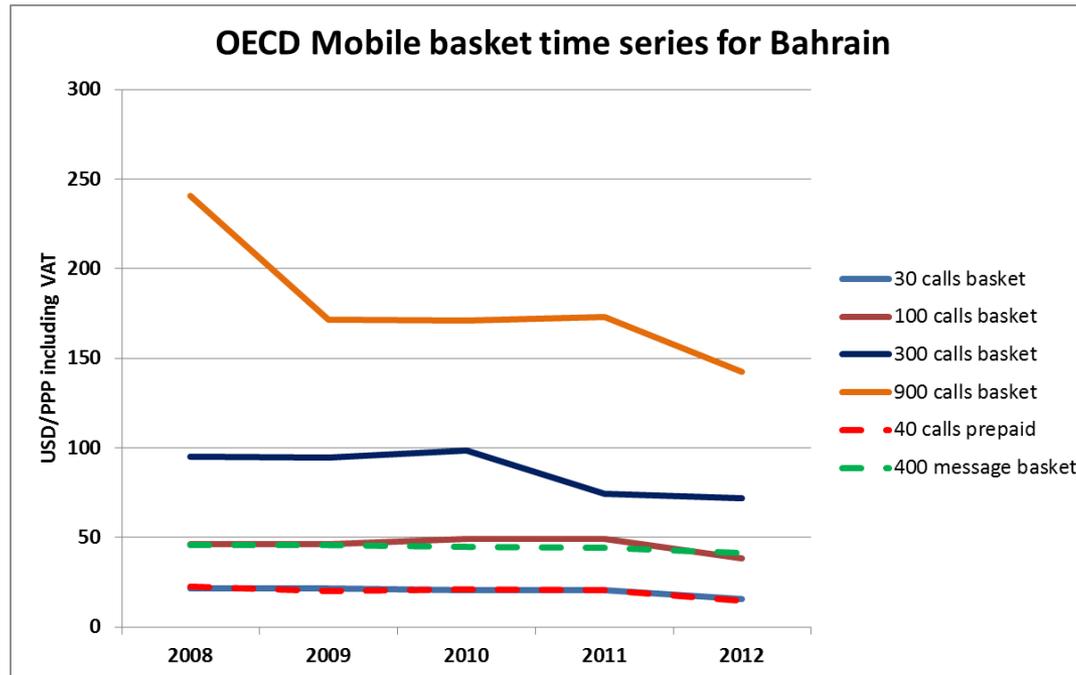
Mobile baskets

- ▶ Bahraini operators are typically either slightly above or below the GCC average across the mobile baskets, although they perform relatively well for high volume of calls.
- ▶ Bahrain is consistently more expensive than the OECD average, with the exception of the 40 calls prepaid basket, where Viva Bahrain falls below the OECD average.



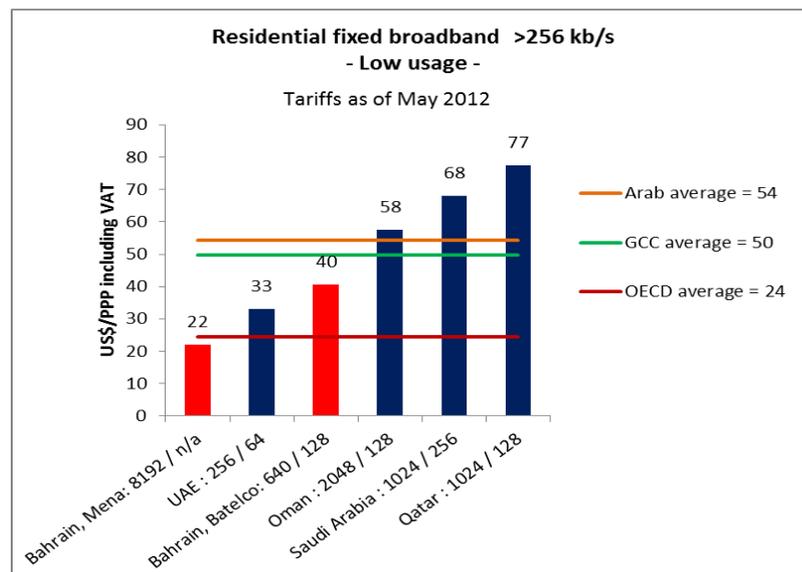
Mobile baskets time series for Bahrain

- ▶ Mobile prices in Bahrain have fallen by up to 30% between 2011 and 2012 and up to 41% over the last four years thanks to competition.

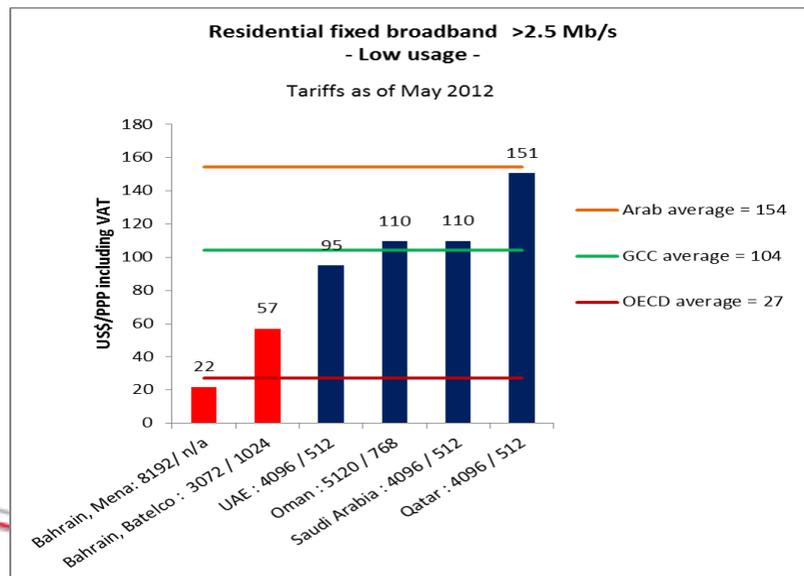


Fixed broadband baskets, residential tariffs

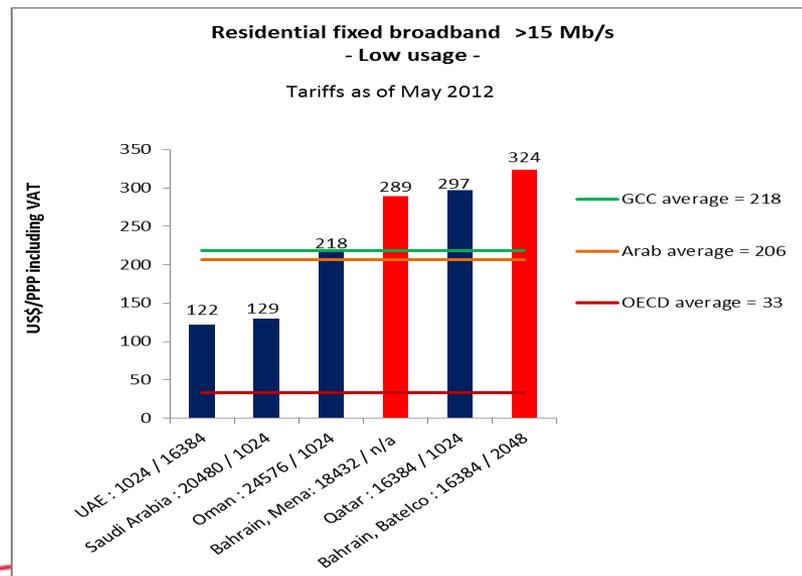
- ▶ The position of Bahrain varies, depending on the speed of the basket.
- ▶ For the low speed (> 256 kb/s) and mid speed (> 2.5 Mb/s) baskets, Bahrain is one of the cheapest GCC countries.
- ▶ For the high speed basket (>15 Mb/s), the cost for Bahrain rises dramatically, making it the most expensive GCC country.
- ▶ The OECD average is significantly lower than both the GCC and Arab averages, particularly for the high speed basket
 - ▶ High speed services are much more prevalent in OECD countries, and prices have consistently fallen over several years, as services have become more widespread.
 - ▶ Cable and Fiber services are much more common in OECD countries, offering higher speed at lower price.



Note: Low usage: 2 GB and 10 hours per month, in 60 minute sessions.



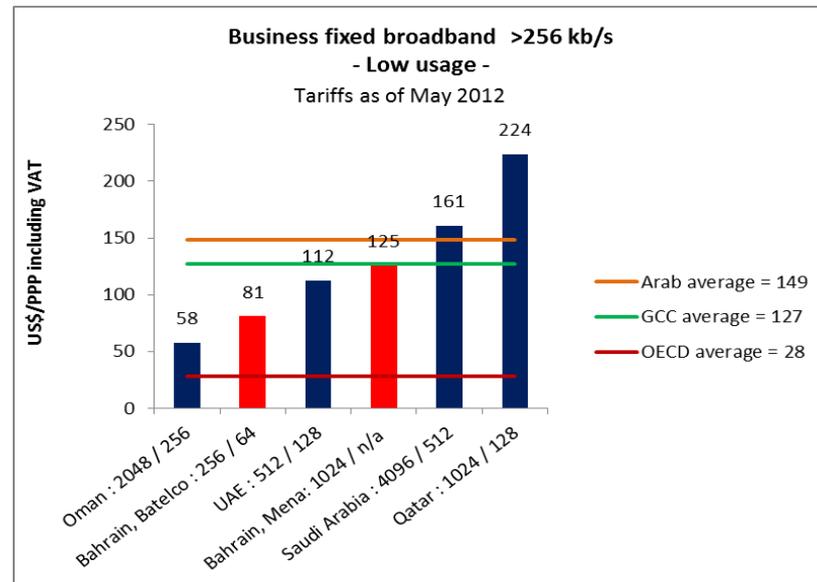
Note: Low usage: 6 GB and 15 hours per month, in 60 minute sessions.



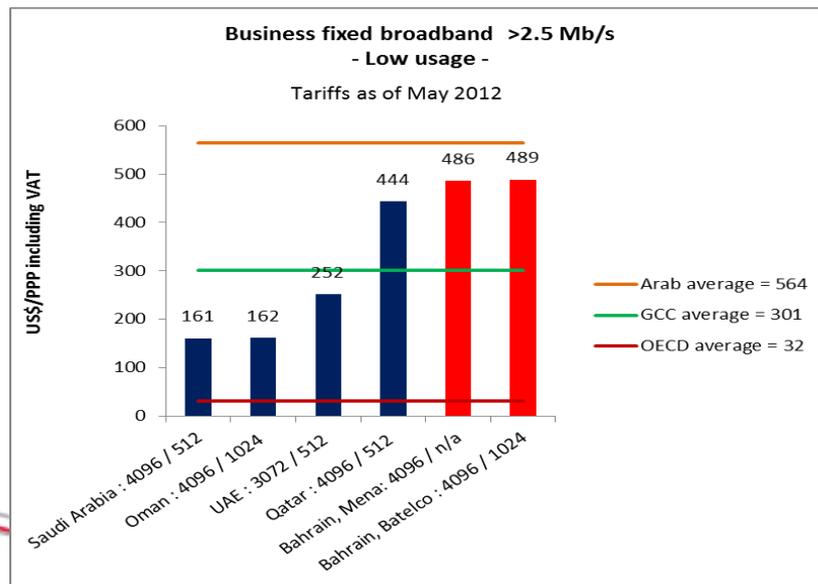
Note: Low usage: 11 GB and 20 hours per month, in 60 minute sessions.

Fixed broadband baskets, business tariffs

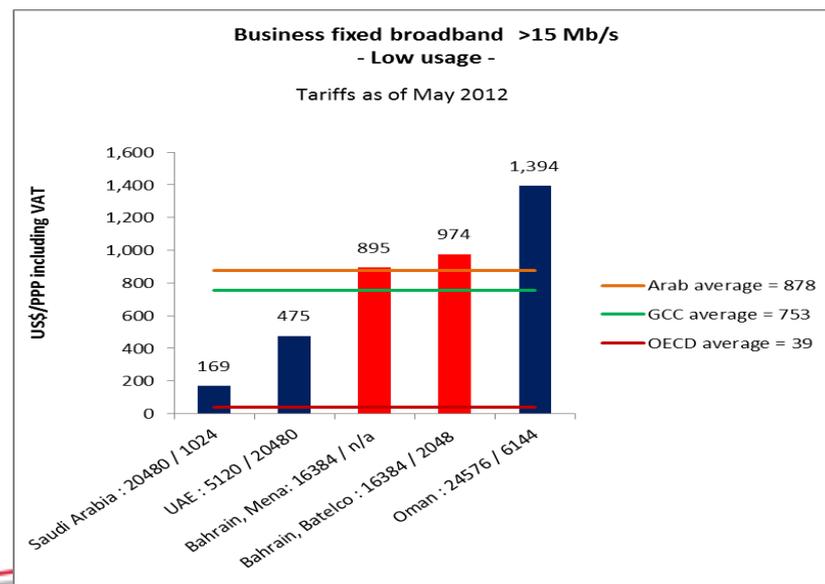
- ▶ Similar to the residential tariff basket results, the position of Bahrain varies depending on the speed of the basket
 - ▶ For the low speed (>256 kb/s) and high speed (>15 Mb/s) baskets, businesses in Bahrain enjoy relatively favourable costs compared to their counterparts in other GCC countries.
 - ▶ For the mid speed (>2.5 Mb/s) basket, Bahrain is the second most expensive, after UAE, and more expensive than the GCC average.
- ▶ Prices in Bahrain are significantly higher than the OECD average across all baskets.
 - ▶ There is a fundamental difference between prices for business services in Arab and OECD countries.



Note: Low usage: 2 GB and 10 hours per month, in 60 minute sessions.



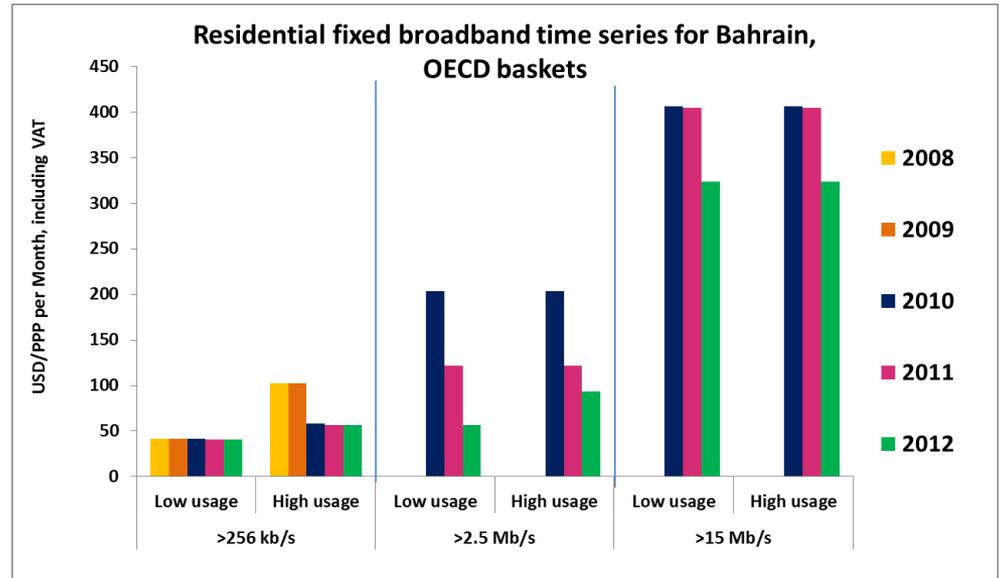
Note: Low usage: 6 GB and 15 hours per month, in 60 minute sessions.



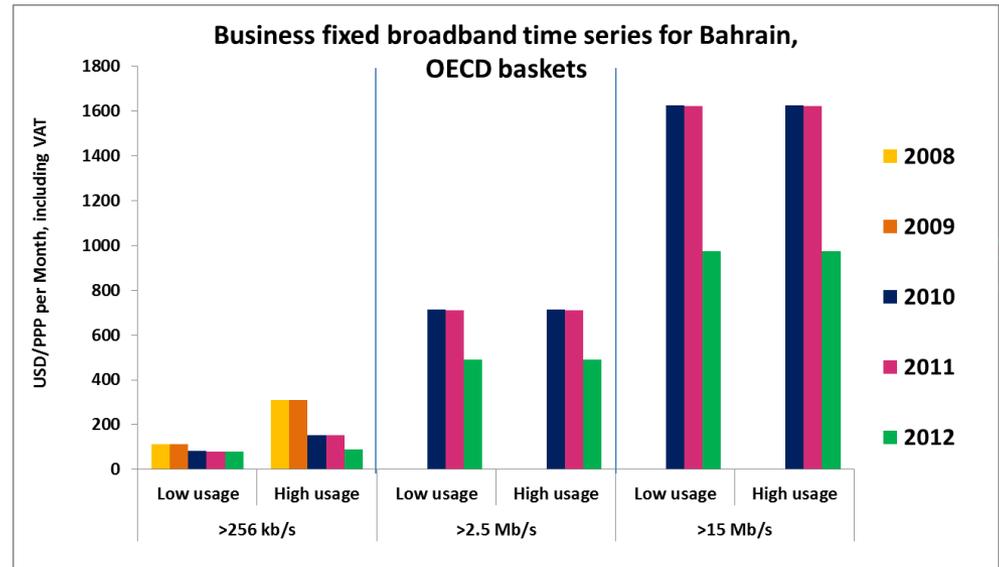
Note: Low usage: 11 GB and 20 hours per month, in 60 minute sessions.

Fixed broadband baskets results time series for Bahrain

► Residential fixed broadband prices in Bahrain have fallen by up to 53% between 2011 and 2012. The greatest reduction have been for medium speed (> 2.5 Mb/s) services.

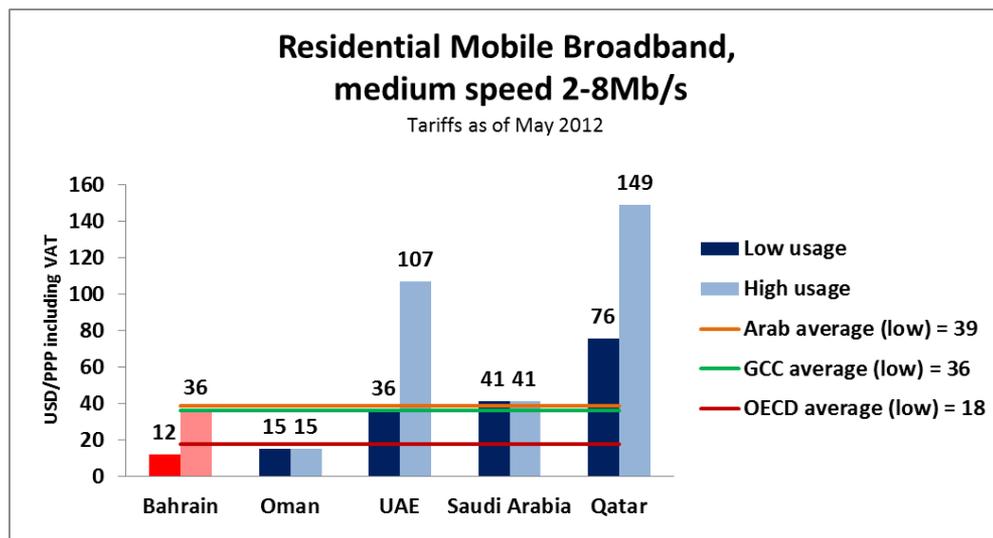


► Business fixed broadband prices in Bahrain have fallen by up to 42% between 2011 and 2012.

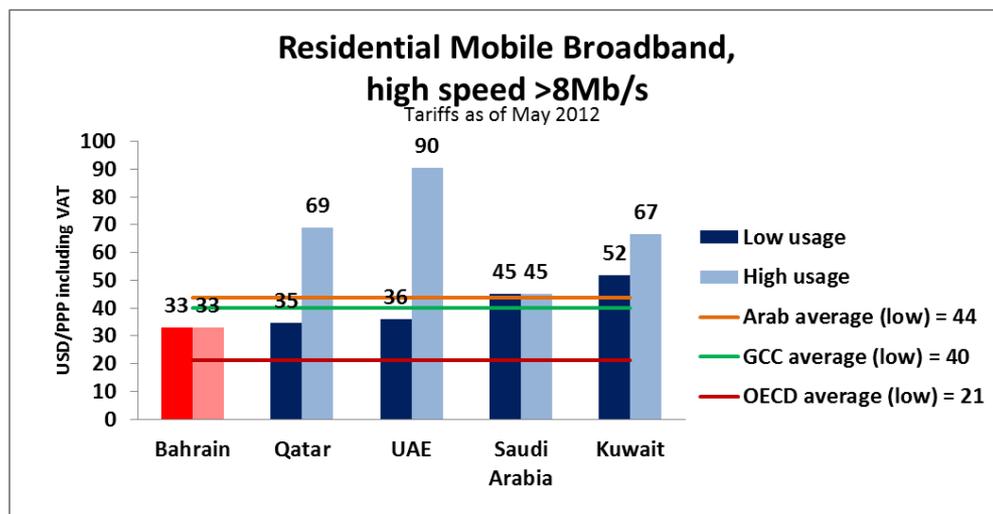


Mobile broadband baskets, residential tariffs

- ▶ At the medium speed (2-8 Mb/s), Bahrain is the cheapest of GCC countries for the low usage and second cheapest for high usage.
- ▶ For the high speed (>8 Mb/s) baskets, Bahrain is the cheapest of the GCC countries.
- ▶ Although the OECD average is lower than both the GCC and Arab averages, Bahrain compares very favorably against the OECD average for the medium speed basket, for both low and high usage. For the higher speed basket, Bahrain is more expensive than the OECD average at low usage, but on par for high usage.



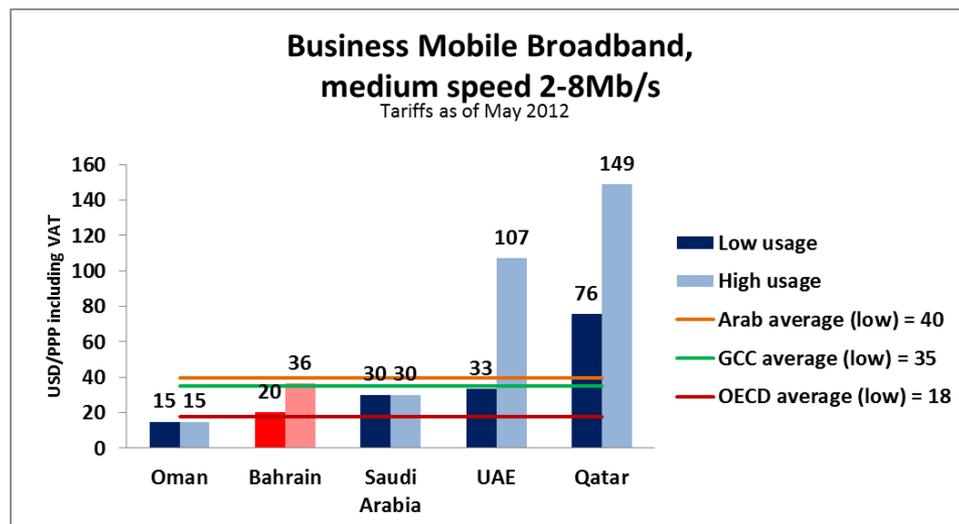
Low usage: 1 GB and 5 hours per month.
 High usage: 5 GB and 30 hours per month.



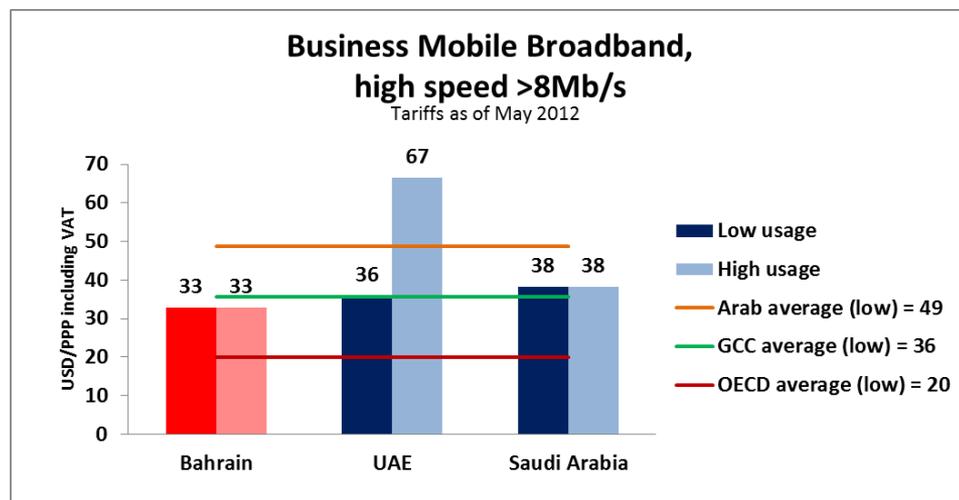
Low usage: 1 GB and 5 hours per month.
 High usage: 5 GB and 30 hours per month.

Mobile broadband baskets, business tariffs

- ▶ Bahrain is generally very competitive among the GCC countries for mobile broadband
- ▶ For the medium speed basket with low usage, Bahrain is the second cheapest country, but falls down the rankings slightly for high usage, as a result of overage charges.
- ▶ For the high speed basket, Bahrain is the cheapest for both low and high usage.
- ▶ While the OECD has a lower average, Bahrain is broadly on par for the low speed basket, both low and high usage, and for the high speed basket, high usage.



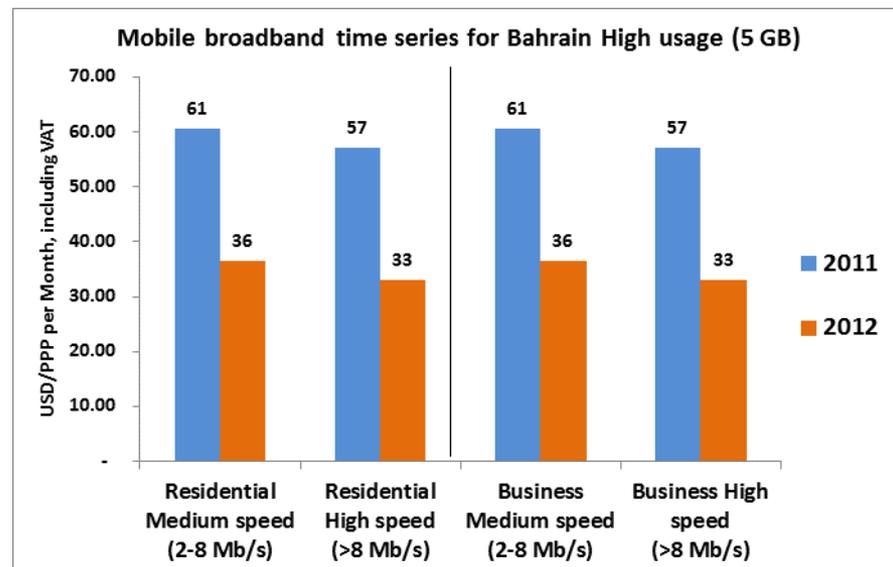
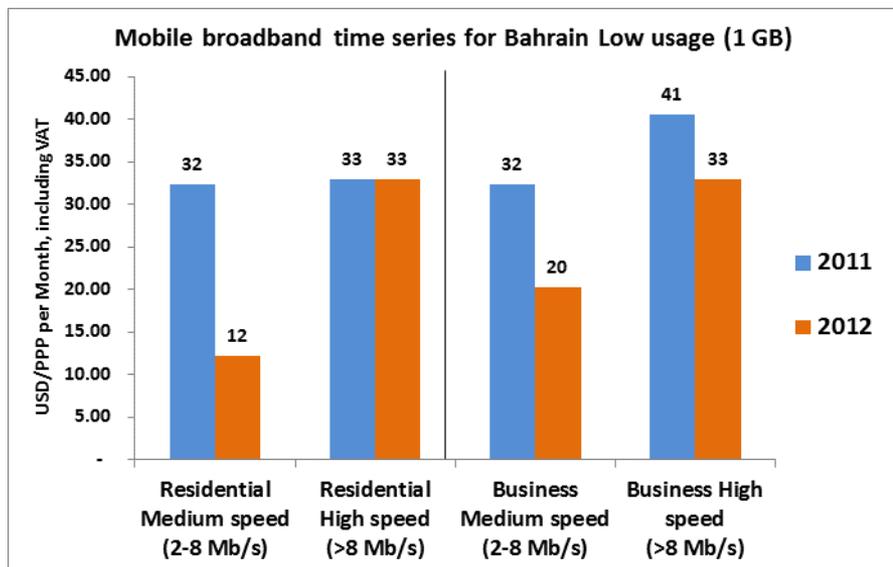
Low usage: 1 GB and 5 hours per month.
 High usage: 5 GB and 30 hours per month.



Low usage: 1 GB and 5 hours per month.
 High usage: 5 GB and 30 hours per month.

Mobile broadband baskets results time series for Bahrain

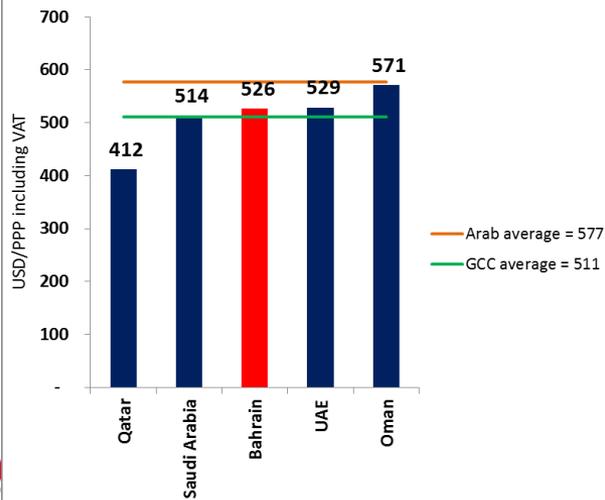
- ▶ Mobile broadband prices in Bahrain have gone fallen by up to 63% between 2011 and 2012.



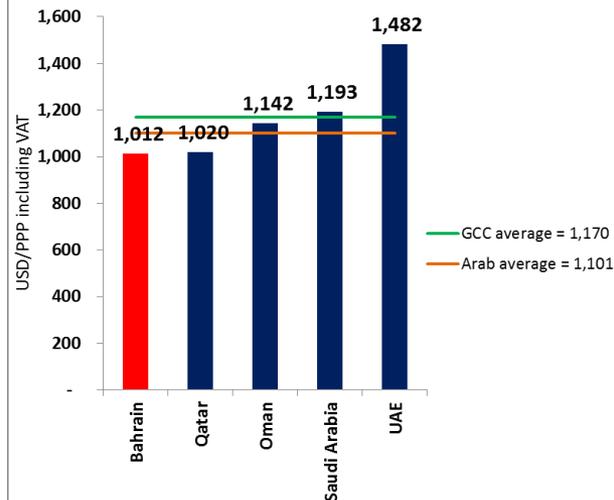
Leased line baskets

- ▶ The position of Bahrain among the GCC varies depending on the speed of the circuit .
- ▶ For the lower speed basket of 64 kb/s, Bahrain is mid-range across the GCC countries, however, the cost of this basket across the countries is broadly comparable.
- ▶ For the 256 kb/s basket, Bahrain is the cheapest amongst the GCC countries.
- ▶ For the 2 Mb/s basket, Bahrain is the most expensive of the GCC countries, and over 1.5 times more expensive than the cheapest country, Qatar.

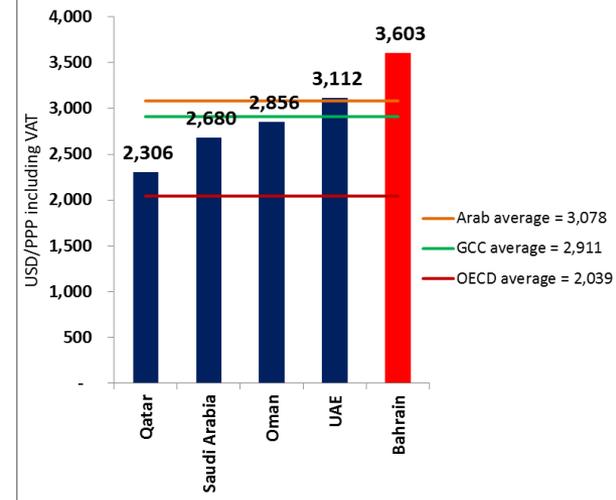
Leased line basket 64 kb/s circuit prices
Tariffs as of May 2012



Leased line basket 256 kb/s circuit prices
Tariffs as of May 2012

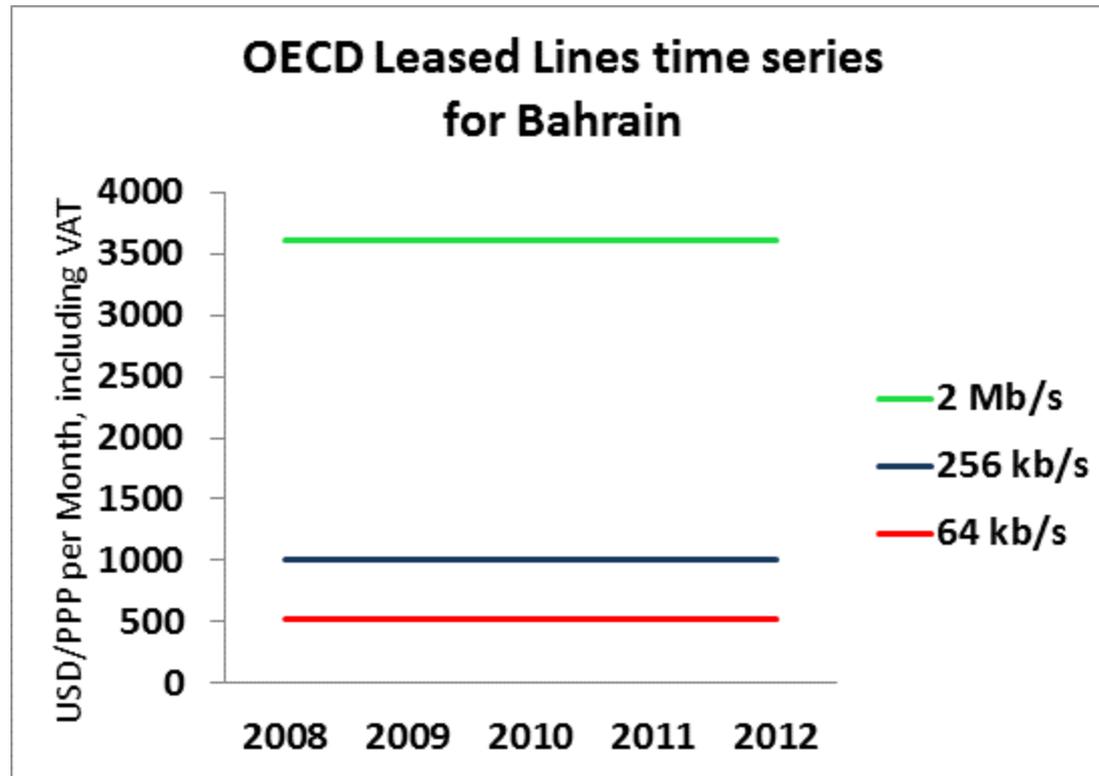


Leased line basket 2 Mb/s circuit prices
Tariffs as of May 2012



Leased lines baskets results time series for Bahrain

- ▶ As is the case in most of the GCC countries, the prices for leased lines in Bahrain have not changed in nominal terms since the first Arab Price Benchmarking Study in 2008.
 - ▶ A similar trend has been observed in many OECD countries.



Aggregate basket analysis

- ▶ A simple aggregation of services has been constructed, based on three separate usage profiles, as follows:
- ▶ Low: low usage across fixed and mobile voice, and with a requirement for only basic fixed broadband

PSTN	Mobile voice	Fixed broadband
20 calls	30 calls	>256 kb/s, low usage

- ▶ Medium: a user who makes modest use of fixed and mobile voice and broadband services

PSTN	Mobile voice	Fixed broadband	Mobile broadband
60 calls	100 calls	2.5 Mb/s – less than 15Mb/s	2-8 Mb/s, low usage

- ▶ High: a more intensive user making more calls and with a requirement for higher broadband speeds than a medium user

PSTN	Mobile voice	Fixed broadband	Mobile broadband
140 calls	300 calls	>15 Mb/s, high usage	>8 Mb/s, high usage

- ▶ Each user profile has been costed by taking the result for each individual service basket, and summing to produce a total cost. While this is a relatively simplistic method for considering multiple services use, it can be used here since multiplay offers are not particularly prevalent in the GCC countries.

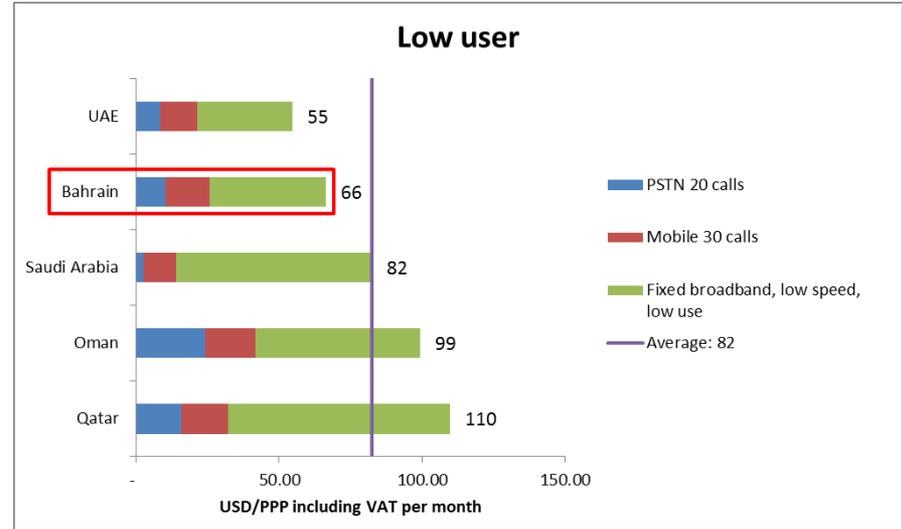
Aggregate basket results - 1

▶ Bahrain performs well for low and medium users compared to other GCC countries

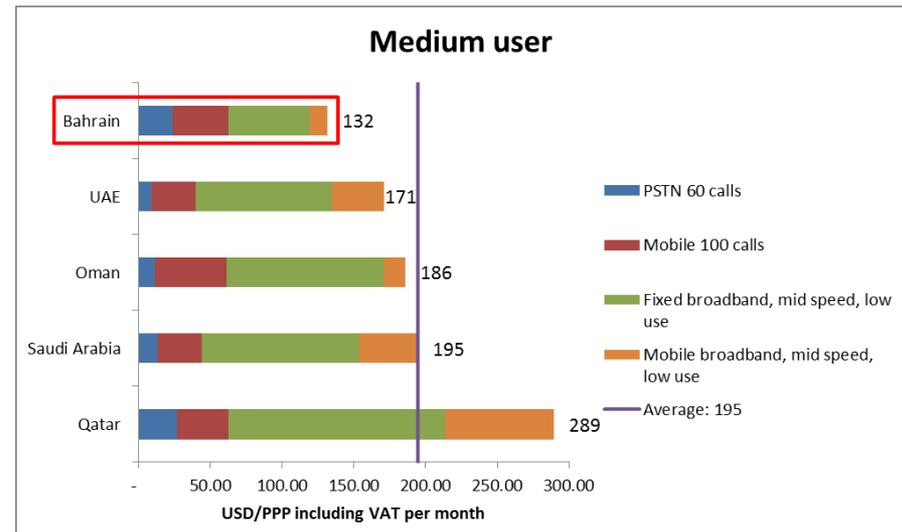
▶ For a low user, Bahrain compares very favourably to its GCC counterparts, and is second cheapest country after the UAE.

▶ Medium users in Bahrain enjoy the lowest total costs in the GCC.

Bahrain result in BD => 16.3

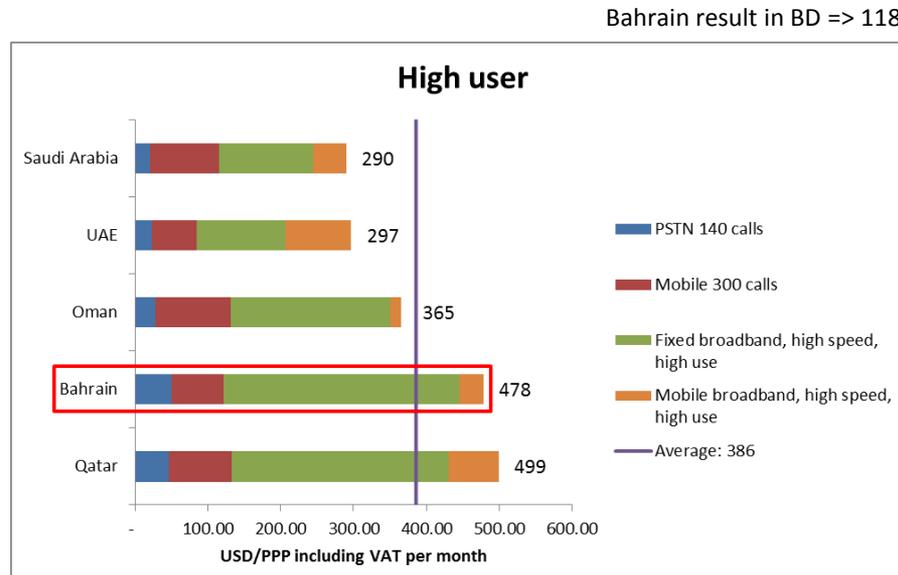


Bahrain result in BD => 32.6



Aggregate basket results - 2

- ▶ For the high user, Bahrain is the second most expensive country across the GCC countries, with Qatar slightly more expensive.



Summary of findings

	Bahrain results compared to GCC averages	Bahrain results compared to Arab averages	Bahrain results compared to OECD averages
PSTN (Low usage) Residential and Business			
PSTN (High usage) Residential and Business			
Mobile (Low usage)			
Mobile (High usage)			
Fixed broadband (Low speed) Residential and Business			
Fixed broadband (High speed) Residential and Business			
Mobile broadband (Low usage) Residential and Business			
Mobile broadband (High usage) Residential and Business			
Leased lines (Low speed)			*
Leased lines (Medium speed)			

Better than ...
On par with ...
More expensive than ...

* Only 2 Mb/s speed can be compared with the OECD data.

Acronyms and definitions used in this report

- ▶ OECD: Organisation of Economic Co-operation and Development
- ▶ OECD countries: Australia, Austria, Belgium, Canada, Chile, Czech Rep., Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Rep., Slovenia, Spain, Sweden, Switzerland, Turkey, UK, USA.
- ▶ AREGNET: Arab Regulators Network.
- ▶ AREGNET member countries: Algeria, Bahrain, Comoros, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, UAE, Yemen.
- ▶ PPP: Purchasing Power Parity, exchange rates adjusted for the purchasing power of consumers in each country. Used in international comparisons to adjust for market differences.
- ▶ Service: A telecommunications service.
- ▶ Basket: A theoretical usage profile describing the usage volumes across different types of calls and/or different kinds of usage. The basket includes all important elements of the service, including fixed cost elements.
- ▶ Tariff: The description of all the end user prices related to a service.
- ▶ Tariff element: The part of a tariff describing the price(s) for a single type of call or service component.
- ▶ Basket calculation: The process where the Basket is applied to the individual tariff in order to calculate the cost of the individual tariff elements and the overall cost.
- ▶ Basket result: The cost of using the service as described in the Basket.
- ▶ Re-balancing: The process through which the prices are changed so that individual Tariff elements will cover their own cost, and not subsidise other Tariff elements.

Thank You..!

