



## Press Release

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# ICT Sector 2020 Mid-Year Market Performance

The Zambia Information and Communications Technology Authority (ZICTA) has released the 2020 Mid-Year Market performance report for the Information and Communication Technologies (ICT) Sector which demonstrates increased utilisation of ICT services in the country over the first half of 2020.

The report particularly highlights that the volume of internet traffic utilised increased by 94.7 percent in comparison to the first half of 2019 while the volume of domestic outgoing voice traffic also increased by 26.1 percent over the same period. Further, the value (amount of money) of electronic money transactions increased significantly by 126 percent during the period under review.

The Authority is also pleased to note that the number of active mobile network subscriptions at the end of June, 2020 reached 17.9 million reflecting a mobile penetration rate of 100.2 percent. This means that there are as many active sim cards in the country as the size of the population.



The said performance is based on quantitative and qualitative insights gathered from various players in the ICT sector who include: providers of ICT services, Government Ministries, Agencies and Departments as well as physical and online resources which were complemented with information generated by the Authority.

### **Local Developments in the ICT Sector**

By the end of June 2020, there were a total of eighty nine (89) valid licences in the ICT sector compared to eighty seven (87) valid licences recorded at the end of June, 2019. During the first half of 2020, a total of five licences were issued. ZICTA also cancelled two licences for UZI Zambia during the first half of 2020. By the end of June, 2020, the Authority had issued a total of thirty two (32) valid licenses to operators in the postal and courier services sector compared to twenty five (25) licences reported at the end of June, 2019.

The value of electronic money transactions increased from ZMW 18.99 billion recorded in the first half of 2019 to ZMW 43 billion recorded in the first half of 2020 reflecting an increase of 126 percent. Similarly, the volume of electronic money transactions increased from 224 million transactions recorded in the first half of 2019 to 424 million transactions recorded in the first half of 2020 reflecting an increase of 89 percent. MTN Zambia in January 2020 was among the first providers of mobile broadband services to launch a new range of non – expiry mobile data bundle. Airtel Networks Zambia Plc also launched the new Airtel TV App which is 2 earmarked to allow customers to enjoy news on the go as well as other programming such as movies, music, reality shows, children’s shows as well as documentaries. Zamtel signed a Memorandum of Understanding (MoU) with Zambia Railways (ZRL) through which Zamtel will provide ZRL with Integrated Communication Solutions including voice and data. To increase digital financial services, Financial Sector Deepening Zambia and its partners began a process of distributing cell phones and solar chargers to savings groups in rural communities.

### **Performance of the ICT Sector**

The total number of active mobile network subscriptions increased from 16.3 million subscriptions at the end of June, 2019 to 17.9 million subscriptions at the end of June, 2020 reflecting an improvement of 10.0 percent. The growth in mobile network subscriptions represents an improvement in the mobile penetration rate, defined as the ratio of the total number of active subscriptions to the total population, from 93.8 percent recorded at the end of June, 2019 to 100.2 percent recorded at the end of June, 2020. Domestic incoming mobile



voice traffic increased marginally from 1.11 billion minutes recorded in the first half of 2019 to 1.115 billion minutes reported in the first half of 2020 reflecting an improvement of 0.4 percent. Similarly, the total domestic outgoing minutes increased from 7.9 billion minutes recorded in the first half of 2019 to 9.9 billion minutes reported in the first half of 2020, representing an improvement of 26.1 percent. Incoming international mobile voice traffic declined from 15.8 million minutes reported in the first half of 2019 to 10.5 million minutes reported in the first half of 2020 reflecting an overall reduction of 33.6 percent.

Based on an assessment of twelve (12) comparable countries in the region, Zambia's ranking on the cost of headline tariffs relative to other countries is highlighted below:

- i. Fifth (5th) on 'Off net' off Peak calls;
- ii. Fourth (4th) on 'Off net' on Peak calls;
- iii. Fourth (4th) on 'On net' on Peak calls; and
- iv. Fifth (5th) on 'On net' on off Peak calls

The total number of telecommunication sites that were operational in the country increased from 8,227 reported at the end of June, 2019 to 10,338 reported at the end of June, 2020 representing an increase of 25.7 percent. The mobile telephone subsector reported a 12.8 percent increase in revenue performance in the first half of 2020 compared to the same period in 2019. Revenue increased from ZMW 2.1 billion in the first half of 2019 to ZMW 2.4 billion during the first half of 2020 on a year to date basis. Airtime sales and data sales continued to account for the largest proportion of revenue for the mobile telephone sector. However, a noted reduction in call termination fees as well as sales of products of 13.2 percent and 35.6 percent respectively were observed during the period under review.

The total number of active internet subscriptions in the country increased from 9.1 million subscriptions recorded in the first half of 2019 to 9.5 million subscriptions reported at the end of June, 2020 reflecting an improvement of 3.6 percent. Consequently, the internet penetration rate increased from 52.6 percent to 52.9 percent between June, 2019 and June, 2020. The Lit/equipped capacity for the first half of 2020 among the mobile network operators increased by 29.1 percent to reach 102,378 Megabits per second (Mbps) from 79,290 Mbps reported in



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the first half of 2019. Overall, capacity usage increased by 56.9 percent while the volume of internet traffic utilised increased by 94.7 percent during the review period. The total number of telecommunication towers in Zambia increased from 2,462 reported at the end of the first half of 2019 to 3,245 reported at the end of the first half of 2020, representing an increase of 15.1 percent.

### **Outlook for the ICT Sector in the Second half of 2020**

**a) Growth in ICT Uptake and Deployments:** The ICT sector is expected to continue on its positive growth trajectory in the subsequent review period amidst some notable risks. Growth is expected to mainly be driven by increased demand for data services among consumers. The Authority forecasts that the mobile subscriber base would close at over 18.2 million subscriptions by the end of 2020. Investments into infrastructure especially 4G/LTE sites among the mobile network operators is likely to drive increased adoption of broadband services.

**b) Macro-economic outlook and its implications:** There are noted risks in the macro-economic environment that could dampen the growth prospects in the sector. Particularly, the sustained depreciation of the local currency has potential to spur inflationary pressure that would adversely affect the cost inputs for operators. The downward revision of the economic growth prospects to -4.2 percent is also likely to stifle market expectations regarding uptake and usage and could extend to investment decisions.

**c) Cyber Related Risks:** Cyber related frauds especially on mobile money accounts are expected to persist. The SMS frauds which are targeted at mobile money users are increasingly drawing the biggest attention on consumer awareness and consumer protection. However, as adoption of ICTs increases the diversity and intensity of these risks is expected to persist.

**d) Investment in Infrastructure:** The continued construction of the 1009 communication towers coupled by investments in fibre and telecommunication sites by operators is expected to extend coverage and improve network optimisation and stability. Extension of fibre circuits by some operators is also expected to open additional routes for redundancy.

**e) Product and Service Diversity:** Operators are also expected to continue introducing



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innovative product offerings for consumers to remain viable in the competitive environment. Operators with ownership of a fibre network as well as VOIP capabilities are expected to introduce their product offerings in the subsequent period initially focussing on corporate business.

**f) Issuance of Spectrum in the 800 MHz band:** ZICTA is expected to issue a call for applications for the spectrum in the 800 MHz band that emerged from the digital migration process. The spectrum is anticipated to assist with improving quality of service and the deployment of more extensive networks at cost effective rates.

**g) Issuance of Licence for Fourth Mobile Network Operator:** Following the cancellation of the licences for UZI Zambia, ZICTA has issued a call for applications for a network license in the international market segment and a service licence in the national market segment.

**Note:** The detailed Mid-year market Report is attached, and is also available on [www.zicta.zm](http://www.zicta.zm)

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