



Institute for Technology and
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25 April 2022

Chairperson of the End User Subscriber Service Committee
Independent Communications Authority of South Africa (ICASA)
eussc@icasa.org.za

To whom it may concern,

We are writing in response to the invitation to comment in the Government Gazette 46153 of 31 March 2022 on the ICASA Draft End-user And Subscriber Service Charter Amendment Regulations, 2022.

The Institute for Technology and Network Economics (ITNE) is an independent research organisation and we are writing in our capacity as principal ITNE researchers and solely to further the public interest. Both authors have extensive experience in studying telecommunications economics and regulation i.a. as board members of the International Telecommunications Society.

We restrict ourselves to the data regulations since we regard data as increasingly the only product of importance but the same remarks could be applied to voice and text messages.

The Authority is commended on 4.2

“A Licensee shall in the first instance apply data usage against the oldest of any unused data, until that data is depleted, and thereafter against the newly allocated data.”

as we are convinced this merely supports the common-sense understanding of the contract implicit in the purchase of a data product. Indeed, we hope that ICASA will take steps to monitor this or to ensure that consumers have sufficient information to monitor it themselves.

Related to this, we would like to draw the authority’s attention to the issue of minimum and billing increments. Generally, true usage does not equal charged usage and recent research e.g.

Skiera, B., Schlereth, C., & Oetzel, S. (2020). Pricing metrics and the importance of minimum and billing increments. *Journal of Service Research*, 23(3), 321-336.

has found that mobile operators in the study overcharged on average by 44% because of the increments. We would suggest that the Authority study overcharging by SA operators using a similar methodology.

In general, we observe that the SA mobile data market offers a great diversity of products – some made possible by the absence of “network neutrality” regulation. Cheap WhatsApp only data allocations can be a real lifeline for many users, for example.

The market also has a great variety of products with limited validity, including for periods as short as one hour (R12 for one gigabyte on Vodacom). These products allow users to purchase a suitable data allocation as and when required. Any purchaser of a data bundle understands that s/he is not necessarily going to use all of it. Part of the purchase is an optionality and as in all options, the value of this depends on the period of validity of the option. Hence, one-hour bundles are cheaper than one-month bundles. The authority’s proposed new regulation 4.1

“Unused data and data services obtained through either prepaid or post-paid channels shall not expire before expiry of a period of 6 months, except for promotional packages.”

prevents operators from offering this optionality in a flexible way to consumers. A student or remote worker requiring a data allocation on a specific day for an online conference will be prevented from purchasing a discounted bundle on that day, for example.

It is, of course, true that bundles with short validity result in consumers being less likely to use the full allocation but this is clearly reflected by the price and we believe that consumers clearly value the optionality. The proposed regulation will, in effect, force consumers to purchase six-month optionality, whether they desire it or not.

We urge the Authority to drop the expiry stipulation 4.2 as we are convinced that it will harm the consumer. It will also reduce competition by moving the market closer to one in which there is a single, regulated, price.

Thank you for the opportunity to comment.

Yours, faithfully.

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