



**XV International Conference
Regulatory Activities in the Electronic Communications Sector
Next Generation of Regulation**

**MVNO in Bosnia and Herzegovina
- Unfulfilled Expectations -**

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Regulatory Activities in the Electronic Communications Sector Next Generation of Regulation

Topics:

- Introduction (role and significance of MVNOs)
- Trends and MVNOs clasification
- Environment of the mobile communications industry
- Conclusions





Next Generation of Regulation Introduction

- **MVNO – term and definition**
 - **The International Telecommunication Union (ITU)**
 - **Communications Office (OFCOM) [OFTEL]**
 - **Research & Consulting Company (OVUM)**

- **Main incentive factors for the occurrence of MVNOs**

- **Factors of impact on the occurrence and development of MVNOs**





Next Generation of Regulation Introduction

□ Main incentive factors for the occurrence of MVNOs

- Competitive ambience
- Development of relations with MNO and the government
- Providing additional value for basic stakeholders
- Strategies of internationalization and growth

□ Factors of impact on the occurrence and development of MVNOs

- Penetration of mobile telephony - high level
 - Regulatory framework - access to the mobile network, removal of barriers
 - The degree of market liberalization - number of companies
 - State of technological development





Next Generation of Regulation Trends and MVNOs Clasification

□ Trends of MVNOs

- Globally MVNOs record exponential growth
- MVNOs are emerging in rapidly in EU market
- 2015-the world's MNOs hosted 992 MVNOs and 260 MNO sub-brands
- NRAs have been active in Europe
- EC – Applying conditions on MVNO access before approving mergers between MNOs





Next Generation of Regulation Trends and MVNOs Clasification

□ Classification of MVNOs

- **Type 1** - does not own its infrastructure and hires a complete technical package from MNO; there is no difference in the offer of services compared to MNO
- **Type 2** – owns a SIM card and has a unique structural creation of service offers
- **Type 3** – has an intelligent network platform that allows a high level of service differentiation compared to MNO
- **Type 4** – has a complete technical platform like MNO
(Full/Pure MVNO)





Next Generation of Regulation Trends and MVNOs Clasification

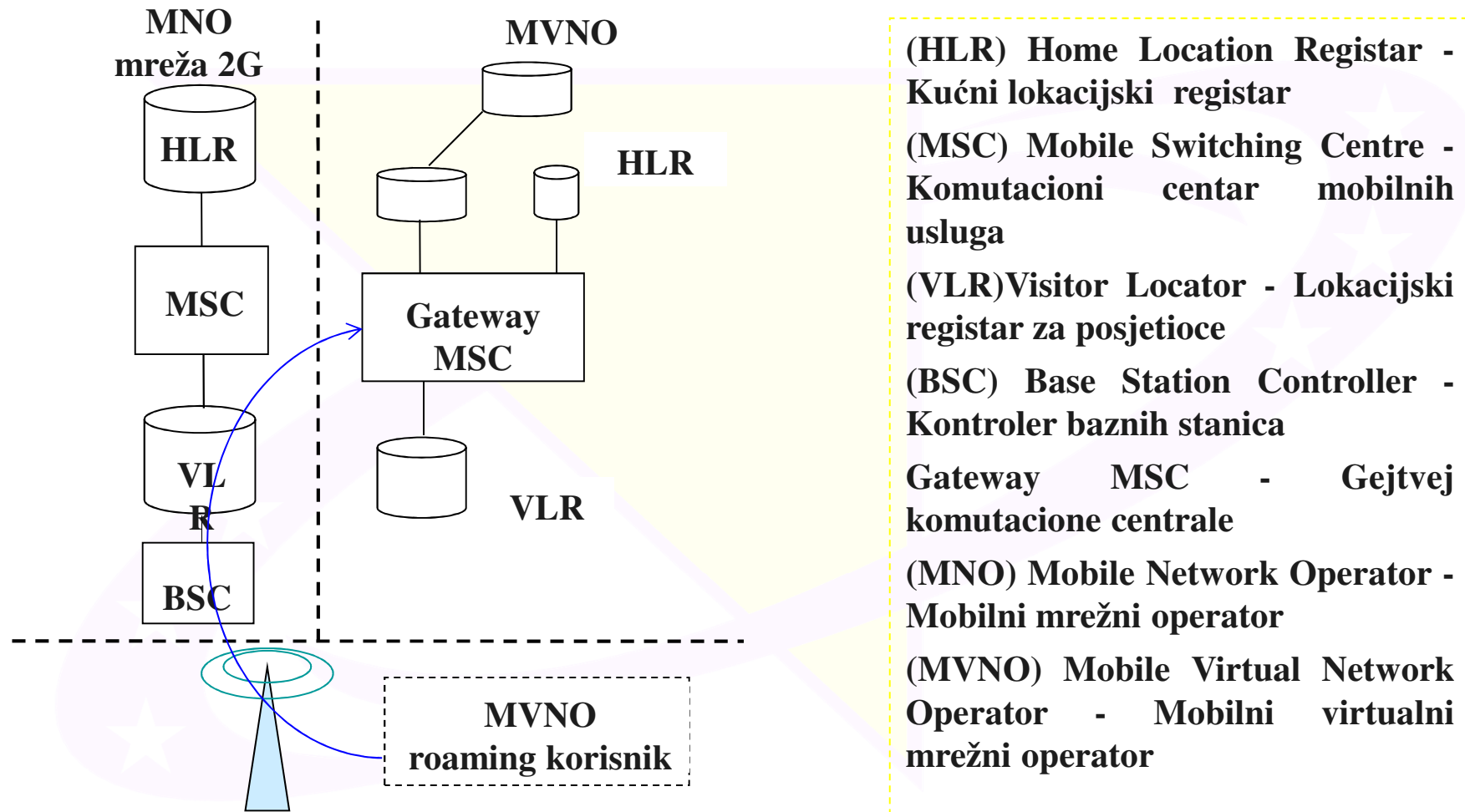


Figure 1: Business model MNO - MVNO (Full MVNO)





Next Generation of Regulation Environment of the mobile communication industry

- ❑ **Economic:** GDP growth, slight growth of inflation rate, increase/fall in unemployment rate, FDI inflows, insufficient competitiveness on the MK market
- ❑ **Legal - political:** political stability, international regulatory framework adopted (WTO Basic principles) and EU regulations, progress in transition reforms and the EU accession process, implementation of the telecom reform
- ❑ **Regulatory:** a harmonized framework with the EU, established NRAs, MVNO specific regulations in SI and CR
- ❑ **Tehnological:** technological integration with the EU, innovation, eSEE and bSEE stability pact, UMTS implementation





Next Generation of Regulation Environment of the mobile communication industry

□ **Activities of the CRA**

- Guidelines for the introduction of MVNO and SP into the mobile communications market (2010) - classification (SP + Full MVNO)
- License for Full MVNO (2012)
- Rule 73/14 on the performance of activities of the provider of public mobile telephone services
- Reference interconnection offers for MVNO

□ **Environment factor activities**

- Unreasonable fear of competition
- Strong industrial lobby and its influence on the authorities
- Modification of the Telecommunications Sector Policy - the basic guidelines for the introduction of MVNO will be defined (2013-2017) - 2012
- Policy of the electronic communications sector (2017-2021) - introduction of MVNO 2 years after the commercialization of LTE





Next Generation of Regulation Environment of the mobile communication industry

Udio operatora u ukupnom broju pretplatnika

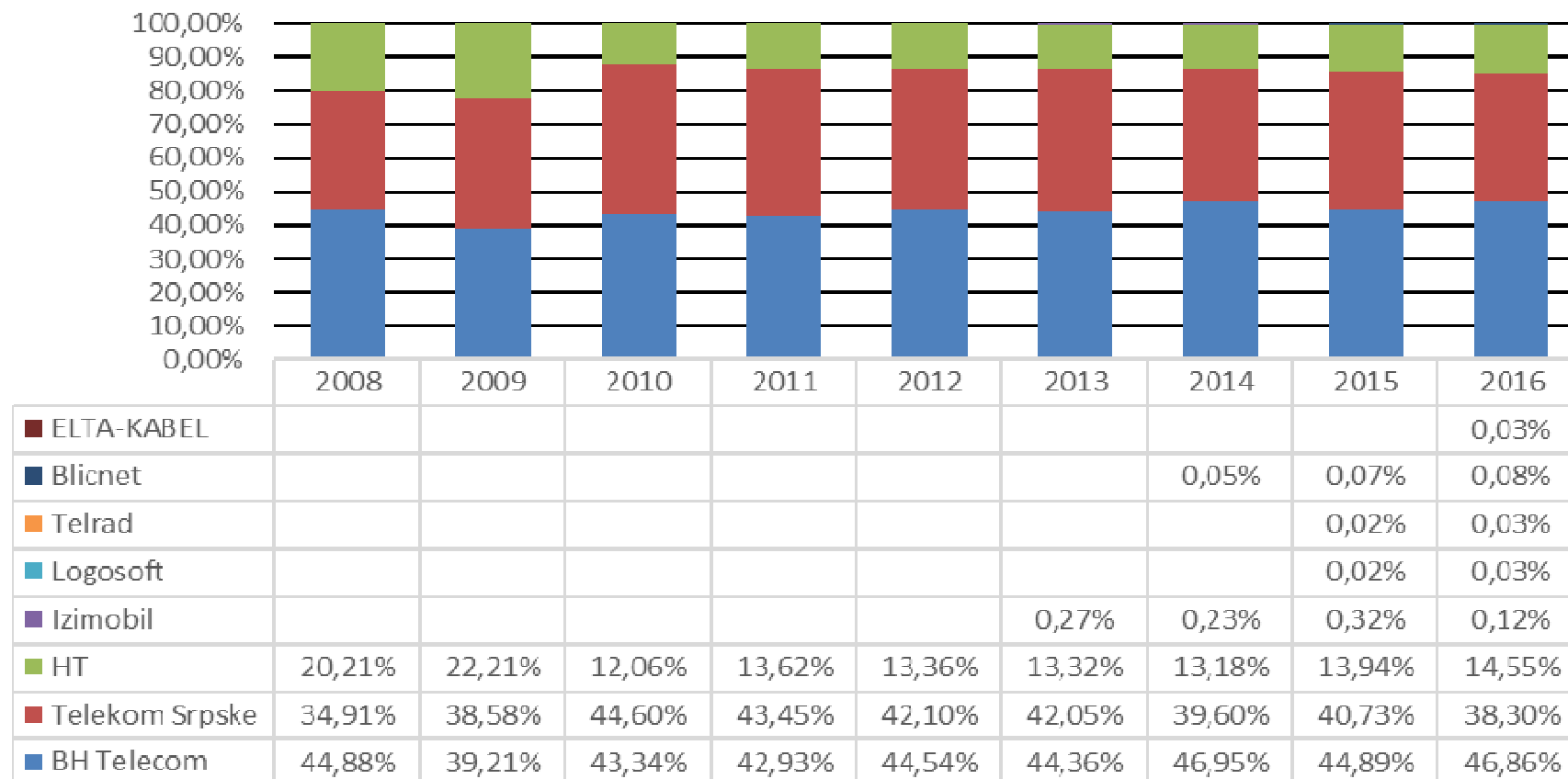


Figure 2: Share of operators in the market of mobile telephony according to the number of subscribers in BiH (2006–2016)

Source: Reports by telecom operators





Next Generation of Regulation Environment of the mobile communication industry

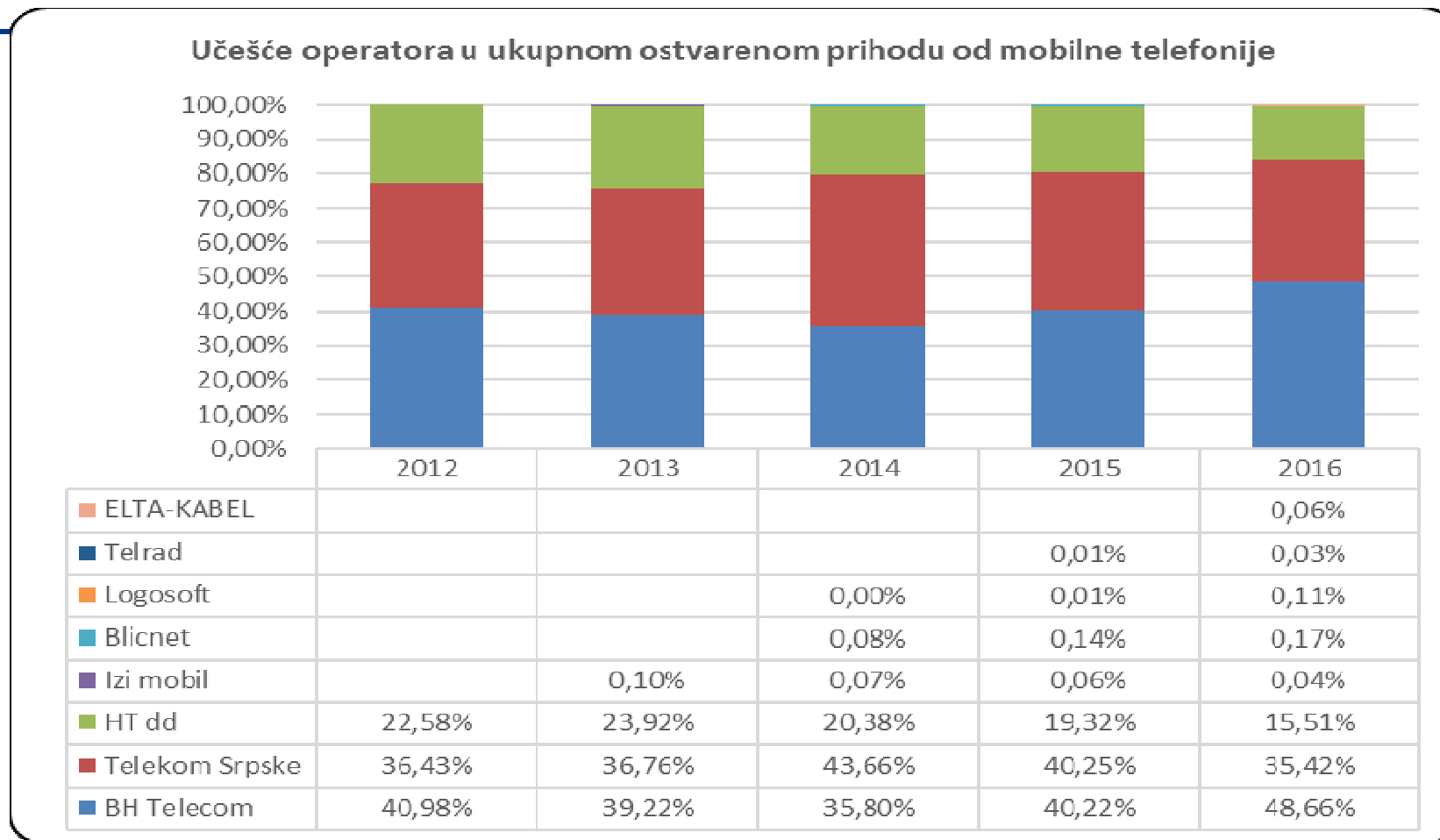


Figure 3: The share of operators in the market of mobile telephony according to the revenue generated in BiH (2012–2016)

Source: Reports by telecom operators





Next Generation of Regulation Conclusions

- Increase the level of cooperation and proper information between the CRA and the authorities in BiH**
- Do not condition the occurrence of MVNO with the next technological generation of mobile communications-LTE**
- The MVNO will bring about an increase in the degree of competitiveness, lower prices of mobile communications, increase of the range of services, creation of successful business models and significant benefits for mobile service users in BiH**
- MVNO - the perspective of dynamic changes in the number of companies, new investments, competition and innovative marketing strategies**





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Thank you for your attention!

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