

**REGULATING TO MEET STAKEHOLDER EXPECTATIONS IN
IT AND TELECOMS SECTOR –
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IOD MEETING**

PROTOCOLS

It is my pleasure to address distinguished corporate leaders from different sectors of the economy at this August 2008 Members' Evening RoundTable Talks tagged 'IT and Telecommunications Evening'.

I must extend my appreciation to the IOD President, Chief (Dr.) I. Olusola Dada and other members of the Governing Council for inviting me as Guest speaker to discuss and share thoughts on the topic of IT and Telecommunications.

My presentation will be on 'Regulating to meet Stakeholder Expectations in the IT and Telecommunications Sector'. I shall first of all talk about regulating the telecommunications sector – what it means and then proceed to discuss stakeholder expectations and how the National Regulatory Authority strives to meet those expectations.

I look forward to an exciting interactive session during the question and answer session when participants will be free to

Ask any questions of interest. I will try to give my best effort in providing answers to the questions.

REGULATING TO MEET STAKEHOLDER EXPECTATIONS IN IT AND TELECOMS SECTOR

The regulator's job in an open liberalised market is typically very demanding and encompasses far-reaching and multi-disciplinary issues. The functions of the National Regulatory Authority (NRA), cover virtually every aspect of telecommunications network and service provision including tariff, technical standards, allocation of scarce resources, fair competition as well as inter-operator issues such as interconnectivity and interconnect termination rates. The NRA also has an important responsibility of operator/operator and operator/consumer dispute resolution.

The state also has a duty to encourage investment in the sector with the sole aim of making access to good quality Information and Communications Technology resources available to all its citizens at affordable prices. Regulation therefore draws its relevance from the widely accepted role of the State as a motivator and impartial umpire.

Telecommunications regulation though not a new phenomenon in North America (US and Canada) only got worldwide acceptance in the last decade of the 20th century. This decade was characterized

by the privatization of several state owned monopolies and the liberalization of the telecommunications sector in several countries around the world, to attract private capital.

It is a proven fact that a good regulatory environment can contribute to attracting investment by providing stable, transparent and non-discriminatory access to telecommunications resources.

Nigeria like several other countries identified the need for considerable investment in this sector to expand and upgrade networks, expand subscriber base and introduce market-based approaches to the supply of telecommunications services.

Without rules, no game will be played fairly. It was therefore essential that legal and regulatory framework must be established that will encourage serious investors to take part. If sensible set of rules are established and necessary authority to police the adherence to the rules is in place, opening up the telecommunications market to competitive operators will achieve the desired result, as has been the case in Nigeria.

Therefore the successful liberalization of the telecommunications sector and in fact any other sector, requires regulatory oversight through a regulatory body, properly empowered to effectively carry out its assignment.

Today, we live in an information age characterised by the use of Information and Communications Technology (ICT) resources in nearly all aspects of human endeavour and ICT tools have taken

centre stage in shaping the world economy and will continue to do so far into the foreseeable future.

Telecommunications networks are now making it possible for Nigerians to participate in the world economy in ways that were not possible in the past. This reality is reflected in the rapid growth telecommunications has been experiencing in the country. Following liberalisation of the industry, the number of telecom companies continues to increase from the monopoly situation of yesteryears with increasing expansion of their networks. Many places or locations which were hitherto underserved or unserved are beginning to enjoy telecommunications services. The number of connected telephone lines has risen from a mere 400,000 lines pre 2001 to over 55m lines as at July 2008.

The tremendous and quantum leap in advances in telecommunications services in Nigeria has heightened the expectations of the stakeholders. These stakeholders are almost expecting a near perfect and seamless network. Their expectations are as varied as their tastes and needs.

For the telecom sector, the various stakeholders include Government, the Consumers, the Operators, the media and the International Community. There are corporate, communal, institutional, individual and many other categories of users of telecom and ICT products and services. Conceptually, the consumer includes the high political office holders, the opinion

leaders in the society, the youths, the entrepreneurs, the artisans, the law enforcement rank and file , etc.

Today, Consumers of telecoms services in Nigeria are no longer the few who were endowed with the economic power to own a phone in those days when only very few Nigerians could afford the few lines that were available. The reasons of inability to own a phone is no longer much about inability to afford a phone because of very high cost or that locations of business or residence are not covered by any telephone network as, apart from very remote areas, most urban and semi-urban parts of the country are covered today.

Regulating to meet stakeholders expectations in IT and Telecom Sector

The successes recorded so far has opened several new areas of developmental needs and challenges in terms of ICT infrastructure deployment and protection; data usage in both urban and rural areas; coverage for rural areas; ICT connectivity for development and strengthening regulatory process through compliance monitoring and enforcement.

The Commission has many stakeholders to cater for in carrying out its mandate. These stakeholders include the government, consumers, the operators, the media, and the international community, among few others. There is a need to discuss this

because it is easy to lose sight of the fact that the Commission must strive to meet the expectations of these stakeholders.

Government: Government is a very important stakeholder in the business of telecom regulation. The policy and the laws being implemented by the Commission have been prepared and enacted by government for the good of society. The Government's interests in the process are also varied. Government is interested that services are made available to all the Nigerian people on a timely, qualitative and affordable manner and that activities in the sector are carried out in a legal and orderly manner. Government is also interested in creating an enabling environment that would continue to attract investment in the sector so that her desires for the people are substantially met.

The Commission in all its activities is therefore mindful of the need to protect, preserve and implement actions and programmes that meet the expectations and objectives of government.

The Consumer: The consumers of telecom products and services, as we have indicated above, have many desires expected to be met. He wants services available at all times and at every place. The consumer wants the services to be of a good quality and affordable. The consumer wants the operator to respond at all times when he or she needs attention, and to provide explanations whenever anything goes wrong. The consumer wants to be protected at all times from being taken advantage of by service providers. Just like consumers of any services, the consumer of

telecom services wants to be well treated. The Commission has recognized this and has put in place special structures to ensure that the needs and desires of the consumer are taken care of. For us in the Commission, the consumer is the main object, the subject and the reason for our being; hence the place of the Consumer as the KING is sacrosanct.

The Operators: The operators also belong to a class of stakeholders in the business of telecom regulation. Apart from obtaining their operational licenses, with certain obligations attached to them, the operators also expect certain obligations from government and the regulator. They expect a non partial regulator to protect their huge investments. They want the Commission to ensure that no other entity interferes with their network resources such as frequency spectrum or base stations. They expect a regulator that will not be arbitrary in decision making and one that will regulate by the rules as contained in the license agreement and provisions of the laws and regulations.

The media: The media is also one of the major stakeholders in the industry. We know that the government, the operators, and the consumers alike depend on the media for dissemination of information about activities and services in the telecommunications industry. The Commission depends on the media for provision of adequate information on the industry.

The International Community: The international community, especially the global development and regulatory institutions are stakeholders of our telecom industry development. An action of a telecoms regulator in today's world can trigger off multiple reactions that may affect other parts of the world. This is why the regulator needs to adhere to certain international standards in carrying out its functions even in the local operating environment. The starting point for due diligence by any international investor showing interest in the country, would be in the regulatory process, as no investor would ordinarily be interested in doing business in an unpredictable regulatory environment. The telecom regulator, therefore, must be careful to meet the reasonable expectations of such investors for regulatory certainty on a continuous basis, as well as meeting the international obligations expected by the global community.

Other stakeholders:

There are other stakeholders like the Board Management and staff of the Commission, the vendors and distributors of telecom equipment and services, among others.

Suffice to say that the Commission must always strive to strike a balance in meeting the expectations of the many stakeholders even when the interests of these stakeholders conflict with each other. For instance, the average consumer would want the license of an operator withdrawn because it failed to meet certain QoS standard but the regulator knows that withdrawing such a license for that infraction would mean that more than 10 million users

would be adversely affected. It would lead to loss of huge investments already made in the economy, and will lead to a lot of gainfully employed Nigerians losing their jobs.

Let's look at another example. The average businessman in Lagos could be very happy with the operators if he gets 100% perfection in service quality if the operators decide to concentrate all their efforts in services in Abuja and Lagos and few other locations where his businesses are located. He will not be worried if services are not available in other locations of the country. This would run counter to the desire of government to ensure that services are extended to all parts of the country. The typical telecom operator would want to roll out in few locations where profit is guaranteed as against the desire of government to see that all the citizens enjoy phone services in all parts of the country

It is in adequately managing the interest of different stakeholders that is critical to the success of the telecom regulatory body. The role of the NCC is to achieve a common good and not pander to the wishes and desires of any of the stakeholders. To ensure that the consumers of telecom services continue to enjoy services, and that operators are equipped to provide those services, just as government achieves its the objectives of development using telecom services as the tool, the Commission must understand this role clearly and manage the interests in such a way that one does not suffer.

Operators' Responsibility to the Consumer

It is important to emphasize that it is the primary responsibility of Operating companies to at all times ensure that their consumers are provided acceptable quality of service and to promptly and professionally address complaints and grievances of their clients. It is indeed mandatory on operators to deal reasonably with consumers at all times and strive to anticipate consumer needs, expectations and preferences and work diligently to meet them. The tastes and expectations of the consumer also changes as new technologies and services evolve and it would demand proactive actions by operating companies to meet these needs over time.

Regulator's Responsibility to the Consumer

However it is our responsibility as Regulators to monitor and insist that operating companies be transparent, fair and reasonable in their dealings with consumers by eschewing sharp practices, incorrect billing, untrue and deceptive advertisements, non-disclosure of vital products or services information, false promises, reluctance or apathy towards consumer grievance handling and respect for the feelings of the average consumer.

While we desire for the operators to continue rolling out networks for providing the market with a bouquet of products and services, it is imperative to stress the importance of adequate and timely consumer information and education on these products and services without which consumers would be unable to optimally derive value for their money.

The Commission has over the years proactively enunciated policies and programmes that served the interest of the consumers through the introduction of price caps within which operators were allowed to charge consumers for services provided in accordance with global best practice, introduced competition in all segments of the telecom services portfolio to ensure that consumers have a wide range of products and services to choose from; and are not held to ransom by any service provider. Based on feedbacks received from consumers at the TCP, the Commission has intervened on a wide range of issues.

In recognition of the need to extend services to rural and unserved remote areas of the country where operators may unwilling to provide telecoms services due to their non-viability, the Universal Service Provision Fund (USPF) was set up to provide incentives to operators to extend services to such unserved and underserved areas in the pursuit of achieving universal access.

The Commission has also defined acceptable quality of service thresholds which operators are expected to meet on the one hand, as well as sanctions in event of failure to meet those thresholds. A new set of Key Performance Indicators (KPI) are currently being fine tuned for release soon.

To underscore the importance that the Commission attaches to improved QoS on the networks, an industry QoS Working Group

was set up with members drawn from the public and private sectors of the economy. This working group has completed its sitting and made useful recommendations for moving the industry forward. The Commission is also looking at ways to collaborate with other Ministries, Departments and Agencies of Government (MDAs) on issues such as rights of way, security, multiple regulations, etc that affect speed of infrastructure rollout and QoS in the country.

In 2007, the Commission caused to be gazetted Consumer Code of Practice Regulation which has become the reference document for both consumers and the operators. Each licensee is required to produce and submit a Code of Practice which has to be reviewed and approved by the Commission. The Code of Practice stipulates Service Level Agreements, the responsibilities and rights of each party, and procedure for resolving disagreements whenever they arise between parties.

Given the diversity of the country coupled with its geographical vastness, the Commission has recently taken steps to promote and nurture consumerism by identifying and collaborating with reputable Consumer Advocacy Groups to facilitate nation-wide consumer protection and empowerment as a precondition for orderly and sustainable growth and development for the telecoms industry in Nigeria.

Conclusion

In a fully liberalised market such as what we have in Nigeria today, the future of each and every service provider would be bright or bleak depending on how it manages its consumers and assures consumer satisfaction.

For us in the Commission, the consumer has always enjoyed a primary place in our regulatory functions and we must continue to invest valuable time and resources in ensuring that his/her rights are protected at all times.