

# Mobile industry key to Africa's future

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Africa will see a significant rise in mobile subscribers between 2006 and 2011, adding as many as 265 million new subscribers, according to a recent study that indicates telecommunications will narrow the gap in the digital divide.

In its study "Opportunities in the African Mobile Sector," Portio Research reported there were 113.55 million African mobile subscribers by the end of 2005, forecasting that it will rise to 378 million by 2011, growing 22 percent.

During 2004 and 2005 Africa saw overall mobile market growth surge forward faster than any other continent in the world, it said.

"As Africa relieves its debt burden, continues to liberalize its telecoms markets and open up to further competition and foreign investment, the mobile sector will be a vital component of future growth in a continent with an under developed fixed line telecoms infrastructure," according to a summary of the report.

Among the findings, it said that 95 percent of the African subscriber base is pre-paid suggesting all (simple message services) SMS-based services tailored to the African market could further develop the market. It also notes that value-added services development in the future as GPRS and EDGE technology as well as 3G licenses are being made available.

Moreover, because the African continent is home to a number of

cultures, languages, and religion groups, it notes that it would provide a number of Mobile Virtual Network Operators (MVNOs) opportunities indicating that Virgin Mobile's entry into South Africa could lead to opening the market elsewhere.

The study is one of many recent studies over the last three years indicating that the open-market telecommunications industry could beneficially impact developing nations socially and economically leading them to catch up with their developed counterparts.

In 2004 the developing world had four times fewer mobile subscribers per 100 people than the developed world, 9 percent only in Africa, according to the International Telecommunications Union.

However, the mobile sector continues growing in the developing countries like those in Africa have the potential to grow as the information communication technology industry continues to expand, says Vanessa Gray of the Market, Economic, and Finance Unit in the Telecommunication Development Bureau with the ITU.

The ITU, who will be having a conference in Doha, Qatar in March, will be release a study on telecom trends including providing proof of its impact in developing nations.

Gray says Portio's 113.55 million subscribers in 2005 is a modest estimation, and expects that number may be much higher once all the numbers are in.

According to Gray, in 2004 the 15 million new subscribers in Africa was equivalent to the number of subscribers in total in 1996 and there seems to be no slowing down of that trend. And Nigeria alone, whose population is the largest in Africa, went from 9 million subscribers to 18 million in one year, she said.

"The speed with which mobile is growing is changing the African continent," said Gray, who mentioned that fixed lines are located only in major cities.

In fact, the ITU reports that of Africa's 26 million fixed lines, over 75 percent are found in just 6 of the 55 African nations.

Africa has an average of three fixed lines per 100 people, but three times as high for mobile. In fact it is estimated, according to Gray, that 60 percent of sub-Saharan Africa's population, considered to have some of the poorest regions in Africa, have the potential to receive a mobile signal.

Mobile is taking off in developing nations since mobile networks are easier to deploy, less billing problems with pre-paid services, and the connecting cost is cheaper, as the number of state owned telecom monopolies continue to diminish -- only 14 countries in 2004 had monopolies, down from 22 in 2000 and 32 in 1997, she said.

But London School of Business' Professor of Economics, Leonard Waverman, says while the necessity of mobile phones continues grow; there are still problems with consumers' access to the mobile market.

African countries, and in general developing nations, continue to face problems due to high taxation -- high import duties of mobile equipment and taxes on phones and services.

"One has to convince the government that telecommunications is not a tool of the wealthy or is a luxury, rather that it's really vital for the development of the working and that message needs to get through."

And this is what Waverman emphasizes, the importance of telecommunication -- the mobile, in the economy.

"The mobile phone is a form of identity, a form of credit check," he said, "it's become a away of doing business."

Investing in the region is a good idea, Waverman says, as entrepreneurs are changing how they conduct business in due part because of the mobile phone, saying fishermen now can calling up ports finding the best prices for their catch.

Waverman, part of a research effort that sought to understand the social and economic impact of the mobile phone in African life, as part of a larger March 2005 study conducted by telecom company Vodafone.

They study found that via mobile, over 85 percent of people in Tanzania and 79 percent in South Africa found themselves having better contact and improved relationships via mobile communication.

And 85 percent of small business in South Africa run by black individuals relied solely on mobile phone for communication.

Moreover, 62 percent and 59 percent of small businesses in South Africa and Egypt respectively said they increased profits as a result of mobile phones despite increase call costs.

Syracuse University ICT Professor Derrick L. Cogburn says by no means is the mobile boom going to slow as he sees strategic alliances and partnerships growing from the telecom market.

Africa can adapt to the new convergent technology, he says, citing that text messaging was necessary for political demonstration long before the phenomenon was popularized in the United States.

However, he worries that if the technology leapfrogs in the continent as technology can be catered to populations both illiterate and literate,

people in African may not be able to handle the piracy and security troubles that now the rest of the world faces.

"I would stress to African leaders, they must increase this level of awareness of these issues," he said.

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