

Nigeria slashes telecoms company fine by a third to \$3.4 bln

December 3 2015, byMichelle Faul



In this file photo taken Tuesday, Nov. 17, 2015, cars drive past an MTN advertisement on the road in Lagos, Nigeria. MTN says Nigeria is slashing its massive fine by more than a third to \$3.4 billion, and the CEO of the embattled Nigerian subsidiary of Africa's largest telecommunications giant is resigning. A statement Thursday, Dec. 3, 2015, from the South African-based group announced major management changes to strengthen oversight and regulatory compliance across all 22 countries of its operations in Africa and the Middle East. (AP Photo/Sunday Alamba, File)

Nigeria is slashing its fine on MTN, Africa's largest telecommunications operator, by more than a third to \$3.4 billion, and the CEO of the embattled Nigerian subsidiary has resigned, the company said Thursday.

The South Africa-based MTN Group also announced major management changes to strengthen oversight and regulatory compliance across all 22 countries of its operations in Africa and the Middle East.

The \$3.4 billion fine, down from an initial \$5.2 billion, is still the largest meted out in the telecommunications industry, according to experts.

It must be paid by the end of the year, MTN said. It will boost Nigerian coffers depleted by corruption and halved prices for oil, a key national export. The fine amounts to one-sixth of the West African nation's 2014 budget.

The Nigerian Communications Commission fined MTN for failing to deactivate 5.2 million unregistered cellphone SIM cards by an August deadline.

Unregistered SIM cars are a national security threat in Nigeria, where Islamic extremists use cell phones to detonate bombs and criminals use them in rampant kidnappings and armed robberies.

Critics have warned the fine could scare foreign investors away from Nigeria and force MTN Nigeria to cut back on improvements that benefit Nigerians. MTN is the biggest player by far in Nigeria—it had about 62 million subscribers before the deactivations—and makes more than one third of overall profits here.

Even while negotiations continued, the [company](#) last month renewed its license to operate in Nigeria until 2021.

The reduced [fine](#) is more than the \$2.6 billion in profits MTN reported making in Nigeria last year. Group shares rose slightly Thursday on the Johannesburg Stock Exchange, but the company has lost more than 20 percent of its value.

MTN had appealed to Nigerian President Muhammadu Buhari for leniency.

The company said Nigeria CEO Michael Ikpoki is being replaced by Ferdi Moolman, the Nigerian subsidiary's chief financial officer who previously was COO at MTN Irancell.

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