FIRST QUARTER SECTOR STATISTICS REPORT FOR THE FINANCIAL YEAR 2016/2017 (JULY-SEPTEMBER 2016)

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DTT	Digital Terrestrial Television
EASSy	Eastern Africa Submarine Cable Systems
ICTs	Information Communication Technologies
EVDO	Evolution-Data Optimized
LION2	Lower Indian Ocean Network
GSM	Global Systems for Mobile Communications
Mbps	Megabits per second
MMS	Multimedia Service
MoU	Minutes of Use
MVNO	Mobile Virtual Network Operator
SEACOM	Sea Sub-Marine Communications Limited
SIM	Subscriber Identification Module
SMS	Short Messaging Service
TEAMS	The East African Marine System
VSAT	Very Small Aperture Terminal
FY	Financial Year
OTT	Over-The-Top

I. PRELIMINARY NOTES

- *This report is based on data provided by service providers as per their license conditions.*
- *The information provided in this report is subject to alteration in case of any revisions or updates from the service providers.*

II. REPORT SUMMARY

The ICT Sector Quarterly Statistics Report for the First Quarter of the Financial Year 2016/17 provides an overview of the ICT sector performance and development of trends in the following service categories:

- Mobile Telephony Service
- Fixed Telephony Service
- Data/Internet Service
- Broadcasting Service
- Postal and Courier Service

During the period under review, the number of mobile subscriptions stood at 38.5 million down from 39.7 million reported during the previous quarter marking a decline of 3.0 per cent. The decline is attributed to the alignment of the reporting by Telkom Kenya Limited to the regulatory requirement that defines active subscribers as those who have used a revenue generating service within the preceding 90-day period. Consequently, mobile penetration dropped by 2.7 per centage points to stand at 87.3 per cent during the period down from 90.0 per cent in the last quarter.

Net additions in mobile subscriptions dropped by 1.1 million during the quarter under review compared to an increase of 1.4 million subcriptions recorded during the previous quarter.

The total number of mobile money subscriptions and mobile money agents were recorded at 31.0 million and 169,698 respectively during the quarter under review. A total of 400.6 million transactions were made valued at over Ksh.1 trillion. The period also recorded 247.9 million mobile commerce transactions amounting to Ksh. 447.3 billion. The total value of person to person transfers during the quarter was valued at Ksh. 474.5 billion.

The number of mobile in-ports grew by 11.3 percent during the period under review to post 404 in-ports up from 363 in-ports recorded in the previous quarter.

Total traffic originating from one mobile network to another grew by 4.8 per cent during the quarter to stand at 10.7 billion minutes up from 10.2 billion minutes registered during the previous quarter.Subsequently, the Minutes of Use (MoU) per month per subscription stood at 89.4 minutes during the quarter up from 86.0 minutes the previous quarter.

During the period under review, the number of messages sent through the Short Messaging Service (SMS) rose to reach 12.2 billion up from 11.6 billion sent during the preceding quarter.

The volume of roaming-out[1]voice traffic was registered at 36.1 million minutes with roaming voice traffic within EAC countries contributing 32.4 million minutes, while non- EAC countries contributed 3.7 million minutes. Roaming- in[2] voice traffic recorded a total of 43.1 million minutes with in- roamers from EAC countries contributing 29.9 million minutes. Roaming voice traffic within the EAC countries has maintained an upward trend since the launch of the One Network Area (ONA) initiative.

International incoming voice traffic declined significantly by 52.4 per cent during the quarter under review to stand at 132.0 million minutes down from 277.4 million minutes in the previous quarter.Traffic originating from EAC countries contributed 83.7 million minutes. Likewise, International outgoing traffic dropped by 1.3 per cent to stand at 117.5 million minutes. Traffic to EAC countries recorded a marginal increase of 12.2 per cent during the quarter to post 46.3 million minutes while traffic to other countries registered a decline of 8.5 per cent to post 71.1 million minutes during the quarter.

The volume of international incoming mobile SMS was recorded at 9.6 million messages down from 9.8 million messages recorded in the preceding quarter representing a drop of 2.1 per cent during the quarter. On the contrary, international outgoing messages rose by 62.7 per cent to record 10.7 million messages.

The total number of fixed network subscriptions declined by 0.9 per cent to reach 80,388 lines down from 81,116 lines recorded in the previous quarter. Fixed terrestrial lines stood at 80,018 down from 80,746 posted during the last quarter while fixed wireless subscriptions remained at 370 subscriptions.

The total number of data/Internet subscriptions declined from 26.8 million in the last quarter to 25.6 million in the quarter under review representing a drop of 4.5 per cent. The drop is also attributed to the alignment by Telkom Kenya Limited to the regulatory reporting requirement with respect to active subscribers. However when compared to the same period the previous year, the number of data subscriptions has grown by 18.5 per cent. Mobile data subscriptions declined by 4.6 per cent to record 25.5 million subscriptions. On the other hand, terrestrial wireless and fibre optic subscriptions grew by 17.7 and 20.7 per cent to register 15,835 and 33,269 subscriptions respectively.

The estimated number of Internet users during the quarter slightly increased by 2,071 to post 37.7 million users. Consequently, Internet penetration remained unchanged at 85.3 per cent.
During the period under review, the number of broadband subscriptions increased by 10.2 per cent to reach 11.9 million up from 10.8 million subscriptions registered in the previous quarter. Subsequently, broadband penetration increased to 27.0 per cent during the quarter under review up from 24.5 per cent posted in the last quarter.

International bandwidth available in the country recorded a substantial growth of 17.2 per cent to stand at 2.02 million Mbps up from 1.73 million Mbps recorded in the last quarter.

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[1]Roaming out is traffic originated and terminated by subscribers of national networks as users of foreign networks abroad.
[2]Roaming in is traffic originated and terminated by foreign subscribers as users of local network.

This was mainly attributed to the increase of SEACOM's capacity by 31.6 percent to reach 1.25 million Mbps during the quarter under review up from 0.95 million Mbps recorded in the previous quarter.

The digital broadcasting signal covers 60 per cent of the Kenyan population. The number of free-to-air TV channels on the digital terrestrial platform stood at 63 while number of pay TV service providers on the Digital Terrestrial Television (DTT) remained at 2: GoTV and StarTimes.

In the postal and courier sub-sector, the number of letters sent locally increased by 3.6 per cent to stand at 17.2 million letters up from 16.6 million letters sent in the preceding quarter. However, the number of courier items sent locally declined by 8.2 per cent to stand at 1.3 million items down from 1.4 million items in the last quarter.

International incoming letters increased by 1.8 per cent to post 2.1 million letters up from 2.0 million letters received in the previous quarter. Similarly, international outgoing letters increased by 46.9 per cent to post 2.0 million letters in the previous quarter.

During the quarter under review, the Authority received, reviewed and approved an aggregate of 17 applications for promotions, special offers and tariffs from various service providers.

1 CELLULAR MOBILE SERVICES

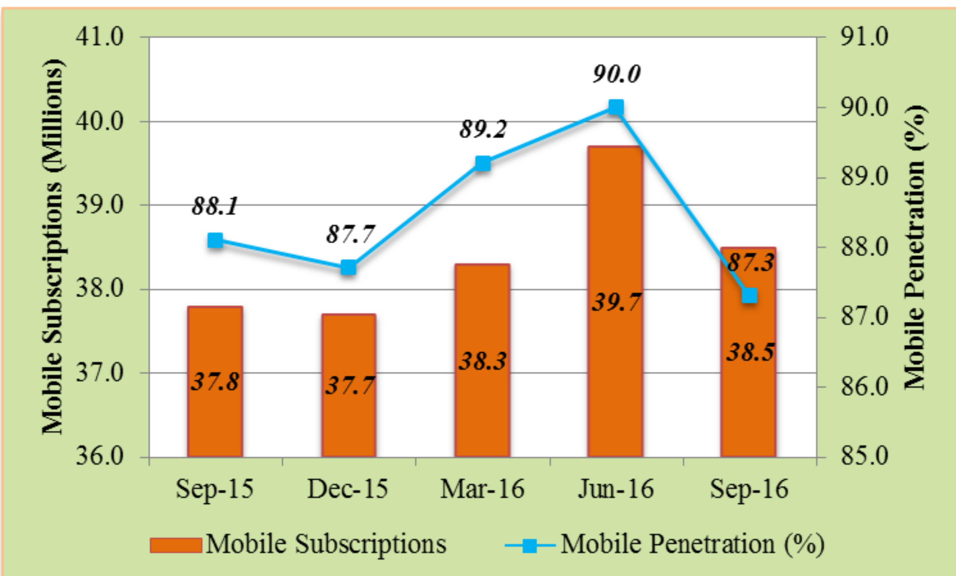
1.1 Mobile Subscriptions

During the quarter under review, the number of mobile subscriptions stood at 38.5 million down from 39.7 million subscriptions recorded in the the previous period, marking a decline of 3.0 per cent. This was as a result of revision of mobile subscriptions data by Telkom Kenya Limited. However, compared to the same period of the previous financial year, a growth of 1.9 per cent was realized.

Consequently, mobile penetration reduced to 87.3 per cent down from 90.0 per cent recorded during the preceding quarter.

Figure 1 illustrates the trends in mobile subscriptions and penetration levels.

Figure 1: Mobile Subscriptions

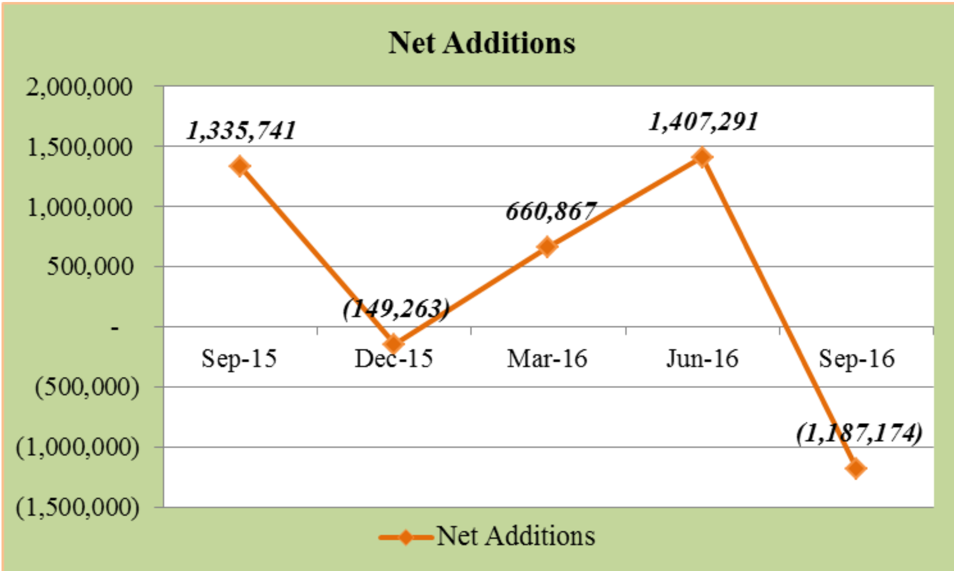


Source: CA, Operators' Returns,

The net additions in mobile subscriptions stood at 1.1 million subscriptions during the quarter under review, compared to the 1.4 million net additions recorded in the previous quarter.

The figure 2 shows the net additions in mobile subscriptions.

Figure 2: Net additions in Mobile Subscriptions



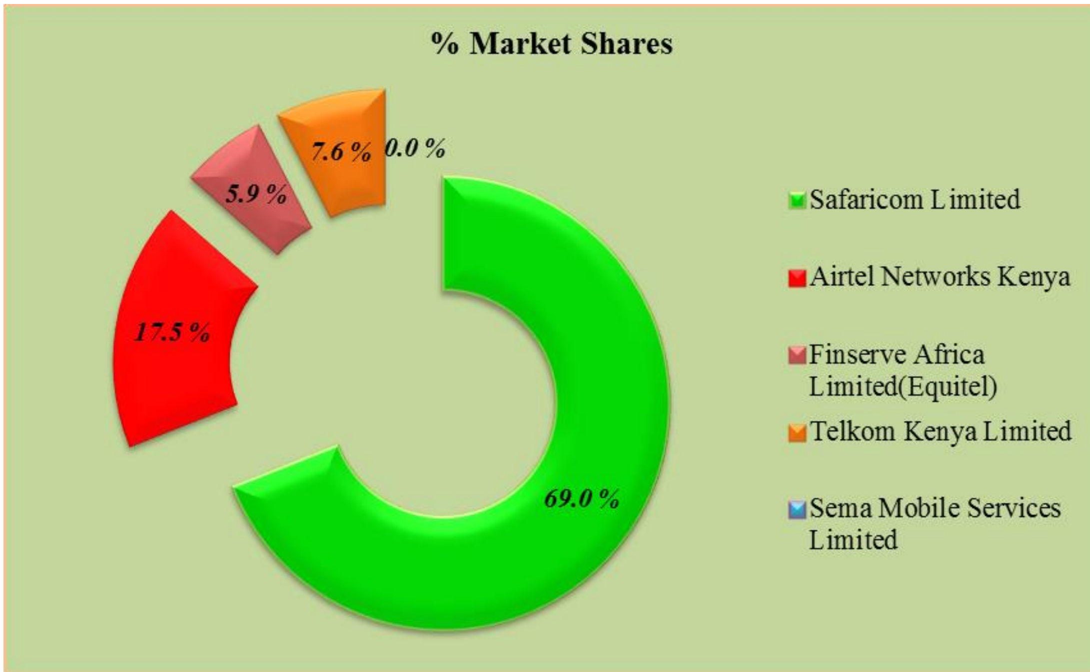
Source: CA, Operators' Returns

As illustrated in figure 3, Safaricom Limited's market share increased by 3.8 per centage points to stand at 69.0 per cent in the quarter under review up from last quarter's market share of 65.2 per cent.

Airtel Networks Kenya gained 0.9 per centage points to acquire a market share of 17.5 per cent during the period under review. Similarly Finserve Africa Limited (Equitel) recorded an increase in market share of 0.8 per centage points to stand at 5.9 per cent.

Telkom Kenya Limited on the other hand recorded a significant drop of 5.6 percentage points in its market share to stand at 7.6 per cent. The market share for Sema Mobile Services remained below 0.0 per cent.

Figure 3: Market Share for Mobile Subscriptions per Operator



Source: CA, Operators' Returns,

The total number of Safaricom Limited's subscribers stood at 26.6 million during the quarter under review, compared to 25.9 million in the preceding quarter, representing a 2.6 per cent increase. The number of pre-paid subscriptions stood at 25.4 million up from 24.8 million as recorded in the previous quarter. Similarly the number of post-paid subscriptions rose slightly to stand at 1.1 million up from 1.07 million subscriptions posted last quarter.

Airtel Network Limited recorded 6.7 million subscriptions during the quarter up from 6.5 million subscriptions posted in the last quarter. The number of pre-paid subscriptions was recorded at 6.6 million while post-paid stood at 147,359 subscriptions.

The total subscriptions for Telkom Kenya Limited were 2.9 million during the period under review down from 5.2 million recorded in the previous quarter. The pre-paid and post-paid subscriptions dropped by 44.1 per cent and 8.0 per cent respectively during the quarter under review.

Finserve Africa Limited and Sema Mobile Services Limited subscriptions stood at 2.2 million and 266 pre-paid subscriptions respectively during the period under review.

Table 1 shows mobile subscription per operator.

Table 1: Mobile Subscription per operator

Name of operator	*Sep-16*			*Jun-16*			*Quarterly variation (%)*
	Pre-paid	***Post-paid***	***Total***	***Pre-paid***	***Post-paid***	***Total***	
Safaricom Limited	25,426,598	1,184,484	26,611,082	24,862,962	1,078,526	25,941,488	2.6
Airtel Networks Kenya Limited	6,620,306	147,359	6,767,665	6,444,633	144,192	6,588,825	2.7
Finserve Africa Limited	2,283,946	-	2,283,946	2,015,352	-	2,015,352	13.3
Telkom Kenya Limited	2,925,545	8,424	2,933,969	5,229,003	9,159	5,238,162	-44.0
Sema Mobile Services Limited	266	-	266	275	-	275	-3.3
Total	**38,682,045**	**1,340,267**	**38,596,928**	**38,552,225**	**1,231,877**	**39,784,102**	-3.0

Source: CA, Operators' Returns

1.2 Mobile Money Transfer

The total number of mobile money transfer subscriptions stood at 31.0 million during the quarter under review while the number of mobile money agents stood at 169,698. A total of 400.6 million transactions (deposits and withdrawals) were made during the period valued at Ksh. 1.0 trillion. The mobile commerce transactions made were recorded at 247.9 million valued at Ksh. 447.3 billion.The total value of person to person transfers was Ksh. 474.5 billion during the quarter review.

Table 2 shows the details of mobile money transfer and mobile commerce services.

Table 2: Mobile Money Transfer Service

Service	*Sep-16*						
	Agents	***Subscriptions***	***Number of transactions***[3]	***Value of transactions***[4] ***(Kshs)***	***Mobile commerce transactions***	***Value of mobile commerce (Kshs)***	***Person to Person transfers (Kshs)***
M-pesa	114,282	20,670,134	326,802,051	851,071,388,318	183,041,789	359,501,949,296	389,096,585,671
Airtel Money	16,377	5,861,480	9,083,467	10,821,302,605	9,083,467	10,821,302,605	4,579,164,047
Orange Money	20,694	194,228	31,000	162,560,000	1,033	4,245,816	29,611,161
Equitel	-	2,090,284	63,962,934	219,578,194,319	55,788,492	77,058,384,460	80,781,311,050
Mobikash	16,749	1,772,696	815,881	127,032,829	6,430	9,227,168	22,876,608
Tangaza*	1,596	503,556	-	-	-	-	-
Total	**169,698**	**31,092,378**	**400,695,333**	**1,081,760,478,071**	**247,921,211**	**447,395,109,345**	**474,509,548,537**

[3]Refers to the total number of all sent and withdraw transactions from mobile customer accounts in the past three months
[4] Refers to the monetary value of all sent and withdraw transactionsfrom mobile customer accounts in the past three months

Source: CA, Operators' Returns

1.3 Mobile Number Portability

As illustrated in Table 3, the number of mobile in-ports registered during the quarter under review was 404 up from 363 in-ports reported last quarter. This translated to an increase of 11.3 per cent during the quarter.

Table 3: Mobile Number Portability

Period	*Jun-Sep 16*	*Apr-Jun 16*	*Quarterly Variation (%)*	*Jun-Sep 15*	*Apr-Jun 15*	*Quarterly Variation (%)*
Number of in-ports	404	363	11.3	461	894	-48.4

Source: CA, Operators' Returns

1.4 Mobile Traffic and Usage Pattern

1.4.1 Voice Traffic

The volume of intra- network mobile voice minutes grew by 4.4 per cent during the quarter to stand at 9.44 billion minutes up from 9.04 billion minutes the last quarter. However, this growth is lower than the same period the previous year which realized a 20.9 per cent growth.

Traffic to other mobile networks increased by 7.7 per cent to 1.29 billion minutes during the quarter up from 1.20 billion minutes the preceding quarter.

Mobile to fixed traffic declined during the quarter to 15.6 million minutes down from 16.0 million minutes the preceding quarter. A similar trend was observed during the same period the previous year where a drop of 4.7 per cent was recorded.

Total traffic originating from mobile networks grew by 4.8 per cent during the quarter to 10.7 billion minutes up from 10.2 billion minutes in the previous quarter.

Incoming traffic from other networks was recorded at 1.25 billion minutes during the quarter under review, an increase of 5.0 per cent compared to last quarter's 1.19 billion minutes. The total traffic terminating on mobile network stood at 10.7 billion minutes during the period up from 10.2 billion minutes the previous quarter.

Overall, the total traffic terminated on mobile network increased by 4.5 per cent during the quarter to 10.7 billion minutes up from 10.2 billion minutes in the previous quarter.

Table 4 shows a summary of local mobile voice traffic.

Table 4: Local Mobile Voice Traffic in Minutes

Mobile Traffic	*Jul-Sep 16*	*Apr-Jun 16*	*Quarterly Variation (%)*	*Jul-Sep 15*	*Apr-Jun 15*	*Quarterly Variation (%)*
By Traffic originating (outgoing traffic)						
Own Network - Own Network	9,446,208,083	9,047,012,486	4.4	9,644,089,586	7,977,003,735	20.9
Own Network to Other Mobile Networks	1,296,192,704	1,203,103,891	7.7	1,212,873,879	1,206,833,769	0.5
Mobile Network to Fixed Network	15,666,971	16,009,429	-2.1	19,847,086	20,818,561	-4.7
Total Traffic Origination (Outgoing)	**10,758,067,758**	**10,266,125,806**	**4.8**	**10,876,810,551**	**9,204,656,065**	**18.2**
By Traffic terminating (incoming traffic)						
Own Network - Own Network	9,446,208,083	9,047,012,486	4.4	9,644,089,586	7,977,003,735	20.9
Other Mobile Networks to Own Network	1,257,363,469	1,197,995,216	5.0	1,128,846,645	1,298,548,500	-13.1
Fixed Network to Mobile Networks	10,428,463	10,795,277	-3.4	22,677,742	32,176,009	-64.7
Total traffic termination (Incoming)	**10,714,000,015**	**10,255,802,979**	**4.5**	**10,784,305,834**	**9,307,728,244**	**15.9**

Source: CA, Operators' Returns,

1.4.2 Voice Traffic by Operator

Safaricom Limited registered mobile voice traffic of 8.1 billion minutes during the quarter under review up from 7.9 billion minutes the previous quarter. Despite this, its voice traffic market share declined by 1.5 per centage points to stand at 76.3 per cent during the quarter down from 77.8 per cent the previous quarter.

Airtel Network Limited's mobile voice traffic increased to 1.48 billion minutes up 1.42 billion minutes posted the previous quarter. It lost marginally in the voice traffic market share for by 0.1 per centage points to stand at 13.8 per cent.

Telkom Kenya Limited gained in mobile voice traffic by 26.2 per cent to post 1.01 billion minutes up from 803.6 million minutes in the previous quarter. Subsequently, its voice traffic market share increased to 9.4 per cent in the quarter under review up from last quarter's 7.8 per cent.

The mobile voice traffic registered by Finserve Africa Limited was 49.5 million minutes up from 47.4 million minutes the previous quarter. Its voice traffic market share stood at 0.5 per cent during the quarter.

Sema Mobile services Limited recorded 32,649 minutes during the quarter up from last quarter's 25,376 minutes.

The traffic volumes for each of the mobile operators and MVNOs and their respective market shares for voice traffic are shown in Table 5.

Table 5: Local Mobile Voice Traffic by Operator

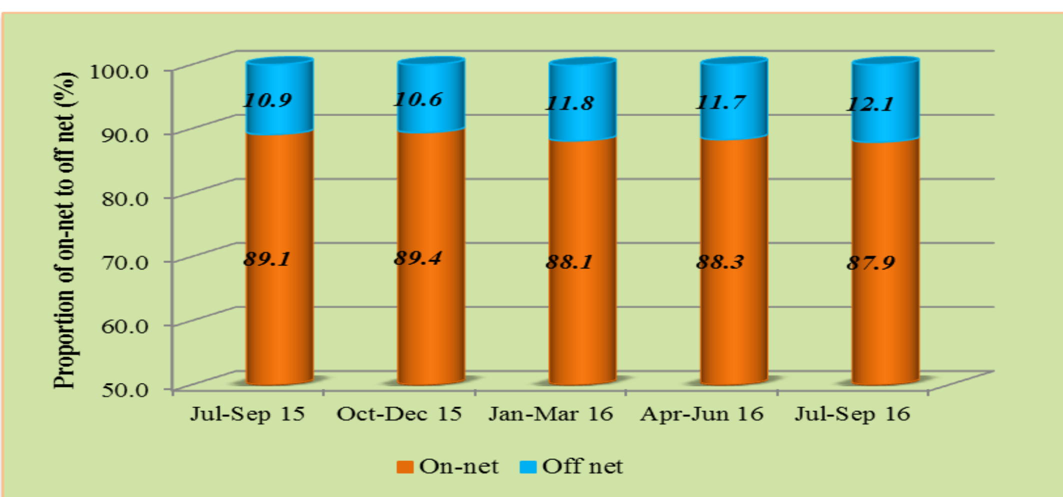
Period	*Name of Operator/Indicator*	*Safaricom Limited*	*Airtel Networks Kenya Limited*	*Telkom Kenya Limited*	*Finserve Africa Limited(Equitel)*	*Sema Mobile Services Limited*	*Total*
Jul-Sep 16	*On-net*	7,839,803,000	781,774,000	820,452,345	4,177,067	1,672	9,446,208,083
	Off-net	357,880,380	699,304,069	193,653,867	45,323,410	30,978	1,296,192,704
	Total	**8,197,683,380**	**1,481,078,069**	**1,014,106,212**	**49,500,477**	**32,649**	**10,742,400,787**
	Market share (%)	76.3	13.8	9.4	0.5	0.0	
Apr-Jun 16	*On-net*	7,638,494,463	794,336,000	609,140,900	5,039,852	1,271	9,047,012,486
	Off-net	332,656,653	633,559,490	194,472,838	42,390,805	24,105	1,203,103,891
	Total	**7,971,151,116**	**1,427,895,490**	**803,613,738**	**47,430,657**	**25,376**	**10,250,116,377**
	Market share (%)	77.8	13.9	7.8	0.5	0.0	
Jul-Sep 15	*On-net*	7,924,904,054	1,129,950,000	586,007,664	3,227,868	-	9,644,089,586
	Off-net	322,808,398	630,047,600	238,001,612	22,016,269	-	1,212,873,879
	Total	**8,247,712,452**	**1,759,997,600**	**824,009,276**	**25,244,137**	**-**	**10,856,963,465**
	Market Share (%)	75.9	16.2	7.6	0.0		
Apr-Jun 15	*On-net*	6,025,185,391	1,178,167,960	770,810,208	2,840,176	-	7,977,003,735
	Off-net	289,155,724	676,085,401	221,847,374	19,745,270	-	1,206,833,769
	Total	**6,314,341,115**	**1,854,253,361**	**992,657,582**	**22,585,446**	**-**	**9,183,837,504**
	Market Share (%)	68.8	20.2	10.8	0.2	-	

Source: CA, Operators' Returns,

The ratio of on-net traffic to off-net traffic was recorded at 87.9 per cent to 12.1 per cent respectively. .

The proportion of on-net and off-net traffic to total mobile voice traffic is shown in Figure 4.

Figure 4: Proportion of On-net and Off-net Voice Traffic

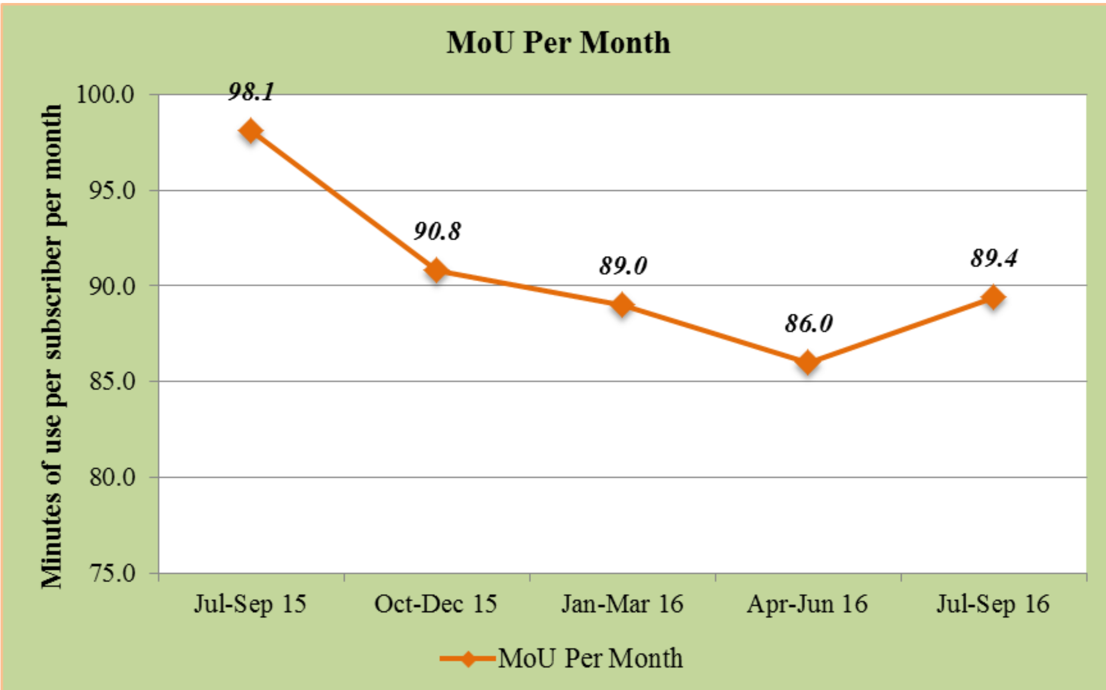


Source: CA, Operators' Returns

1.4.3 Minutes of Use

As shown in figure 5, the Minutes of Use (MoU) per month per subscriber stood at 89.4 minutes during the quarter under review up from 86.0 minutes registered in the previous quarter.

Figure 5: Minutes of Use



Source: CA, Operators' Returns

1.4.4 Short Messaging Service

During the quarter under review, the number of Short Messaging Service (SMS) sent rose to 12.2 billion up from 11.6 billion messages sent during the preceding quarter.

Safaricom Limited registered 11.5 billion messages sent on its network up from 10.9 billion messages recorded in the last quarter. Its SMS market share grew marginally by 0.5 per centage points to stand at 94.4 per cent. The high volume of SMS recorded by the operator can be attributed to the SMS bundle tariff it offered its customers during the period.

Airtel Networks Limited recorded 617.8 million outgoing messages during the quarter which marked a decline of 1.9 per cent down from 629.6 million sent messages in the last quarter. Similarly its SMS market share traffic volume declined to 5.0 per cent down from 5.4 per cent it acquired during the preceding quarter.

Telkom Kenya Limited recorded 63.0 million messages sent on its network during the quarter under down from last quarter's 68.1 million messages. Consequently, its SMS market share declined marginally to stand at 0.5 per cent down from 0.6 per cent posted during the preceding quarter.

Finserve Africa Limited registered 9.4 million outgoing messages during the period under review up from 9.0 million messages recorded in the last quarter. Its SMS market share stood at 0.1 per cent.

Sema Mobile Services Limited recorded a total of 9,224 outgoing messages during the quarter up from 7,568 messages posted during the previous quarter. The service provider's SMS market share stands below 0.0 per cent.

SMS traffic and the corresponding market share per operator is as shown in Table 6.

Table 6: Short Messaging Service per Operator

Period	*Name of Operator/Indicator*	*Safaricom Limited*	*AirtelNetworks Kenya Limited*	*Telkom Kenya Limited*	*Finserve Africa Limited (Equitel)*	*Sema Mobile Services Limited*	*Total SMS*
Jul-Sep 16	*On-net*	11,449,058,006	302,099,018	23,192,141	1,179,771	1,176	11,775,530,112
	Off-net	145,010,256	315,791,686	39,827,489	8,251,850	8,048	508,889,329
	Total	**11,594,068,262**	**617,890,704**	**63,019,630**	**9,431,621**	**9,224**	**12,284,419,441**
	Market Share (%)	94.4	5.0	0.5	0.1	0.0	
Apr-Jun 16	*On-net*	10,783,021,300	313,861,872	24,749,770	1,503,292	462	11,123,136,696
	Off-net	126,650,756	315,796,598	43,441,178	7,585,988	7,106	493,481,626
	Total	**10,909,672,056**	**629,658,470**	**68,190,948**	**9,089,280**	**7,568**	**11,616,618,322**
	Market Share (%)	93.9	5.4	0.6	0.1	**0.0**	
Jul-Sep 15	*On-net*	6,189,714,008	375,059,234	29,043,390	379,390	-	6,594,196,022
	Off-net	119,432,729	236,967,500	83,708,096	4,245,852	-	444,354,177
	Total	**6,309,146,737**	**612,026,734**	**112,751,486**	**4,625,242**	**-**	**7,038,550,199**
	Market Share (%)	89.6	8.7	1.6	0.1	-	
Apr-Jun 15	*On-net*	5,817,363,914	310,341,586	27,521,437	735,070	-	6,155,962,007
	Off-net	116,245,827	217,033,444	77,163,664	5,356,337	-	415,799,272
	Total	**5,933,609,741**	**527,375,030**	**104,685,101**	**6,091,407**	**-**	**6,571,761,279**
	Market Share (%)	90.3	8.0	1.6	0.1	-	

Source: CA, Operators' Returns,

1.4.5 Roaming Traffic

The volume of roaming-out[1] voice traffic was registered at 36.1 million minutes with roaming traffic within EAC contributing 32.4 million minutes, while non- EAC countries contributed 3.6 million minutes. The total number of roaming-out messages stood at 12.7 million messages with EAC countries contributing 63.5 per cent of the roaming out messages. The total roaming out data was recorded at 3.8 million MB

Roaming- in[2]voice traffic recorded a total of 43.1 million minutes with in- roamers from EAC countries calling for 29.9 million minutes. Similarly, the roamers from EAC countries contributed 9.1 million messages out of the total 18.1 million roaming out messages. The total roaming-in data was registered at 15.7 million MB.

The data on roaming traffic is indicated in Table 7.

Roaming out is traffic originated and terminated by subscribers of national networks as users of foreign networks abroad.
[2]Roaming in is traffic originated and terminated by foreign subscribers as users of local network.

Table 7: Roaming Traffic

Name of Country	***Jul - Sep 16***					
	Roaming Out (Own Subscribers)			***Roaming In (Foreign Subscribers)***		
	Voice	***SMS***	***Data (MB)***	***Voice***	***SMS***	***Data (MB)***
Uganda	22,516,191	3,822,089	789,483	15,975,444	4,731,993	294,286
Tanzania	5,419,267	1,847,090	793,003	1,983,700	3,975,557	273,485
Rwanda	1,901,231	1,838,952	180,229	5,688,639	247,439	143,585
Burundi	22,394	22,851	3,142	14,160	24,824	1,202
S. Sudan	2,582,488	546,363	37,328	6,321,366	211,797	139
Others	3,688,327	4,638,566	2,012,037	13,118,151	8,988,175	15,071,897
Totals	**36,129,898**	**12,715,911**	**3,815,222**	**43,101,460**	**18,179,785**	**15,784,594**

Source: CA, Operators' Returns.

1.4.6 International Mobile Traffic

International incoming voice traffic declined significantly by 52.4 per cent during the quarter to stand at 132.0 million minutes down from 277.4 million minutes posted in the last quarter. The volume of voice minutes received from EAC countries stood at 48.2 million minutes while non-EAC countries contributed 83.7 million minutes.

The total international outgoing traffic declined to 117.5 million minutes during the period under review down from 119.1 million minutes registered during the previous quarter. International mobile voice traffic to EAC countries grew by 12.2 per cent to stand at 46.3 million minutes while traffic to other countries declined by 8.5 per cent to stand at 71.1 million minutes during the quarter under review.

The volume of International incoming mobile SMS declined by 2.1 per cent during the quarter to stand at 9.6 million messages down from 9.8 million messages recorded during the last quarter.

The total international outgoing messages were recorded at 10.7 million messages during the period under review up from 6.6 million messages.

International Voice and SMS traffic is indicated in Table 8.

Table 8: International mobile Traffic

Traffic	*Region*	*Jun-Sep 16*	*Apr-Jun16*	*Quarterly Variation (%)*	*Jun-Sep 15*	*Apr-Jun 15*	*Quarterly Variation (%)*
International Incoming Mobile Voice Minutes	*EAC*	48,244,222	91,275,596	-47.1	54,225,909	47,519,650	14.1
	Others	83,768,899	186,128,088	-55.0	104,550,002	112,938,085	-7.4
	Total	**132,013,121**	**277,403,684**	-52.4	**158,775,911**	**160,457,735**	-1.0
InternationalOutgoing Mobile Voice Minutes	*EAC*	46,352,963	41,324,570	12.2	41,927,278	34,626,456	21.1
	Others	71,192,968	77,800,378	-8.5	84,425,407	82,543,047	2.3
	Total	**117,545,931**	**119,124,948**	-1.3	**126,352,685**	**117,169,503**	7.8
International Incoming Mobile SMS		9,629,508	9,840,723	-2.1	40,516,323	39,757,691	1.9
International Outgoing Mobile SMS		10,798,729	6,637,298	62.7	9,772,273	9,242,962	5.7

Source: CA, Operators' Returns

1.5 Mobile Revenue and Investments

The data on mobile revenue and investments will be updated at the end of the 2016/17 financial year. Figures below indicate the status as at 30th June 2016.

Table 9: Mobile Revenue and Investment

*Mobile Revenues and Investments**	***2015***	***2014***	***2013***	***2012***	***2011***	***Variation (%) Over 2014***	***Variation (%) Over 2013***	***Variation (%) Over 2012***	***Variation (%) Over 2011***
Mobile Revenue (KES Millions)	214,816	172,501	140,233	133,508	116,640	24.5	23	5	14.5
Mobile Investments (KES Millions)	52,222	32,133	30,387	33,827	34,590	62.5	5.7	-10.2	-2.2

Source: CA, Operators Return* Includes Telkom Fixed Network Revenue and Investment.

1.6 Employment in the Mobile Service Industry

Data on the number of staff will be updated at the end of the 2016/17 Financial Year. Figures below indicate the status as at 30th June 2016.

Table 10: Staff in Mobile Sector

Staff	Jun-16	Jun-15	Jun-14	Jun-13	Jun-12	Jun-11	Variation (%) Over 2015	Variation (%) Over 2014	Variation (%) Over 2013	Variation (%) Over 2012	Variation (%) Over 2011
Male Staff	3,383	3,549	3,795	3,535	3,489	3,769	-4.7	-6.5	7.4	1.3	-7.4
Female Staff	2,795	2,598	2,644	2,082	2053	2058	7.6	-1.7	27	1.4	-0.2
Total Staff	**6,178**	**6,147**	**6,439**	**5,617**	**5,542**	**5,827**	**0.5**	**-4.5**	**14.6**	**1.4**	**-4.9**

Source: CA, Operators Returns, (*) includes Telkom Fixed Network

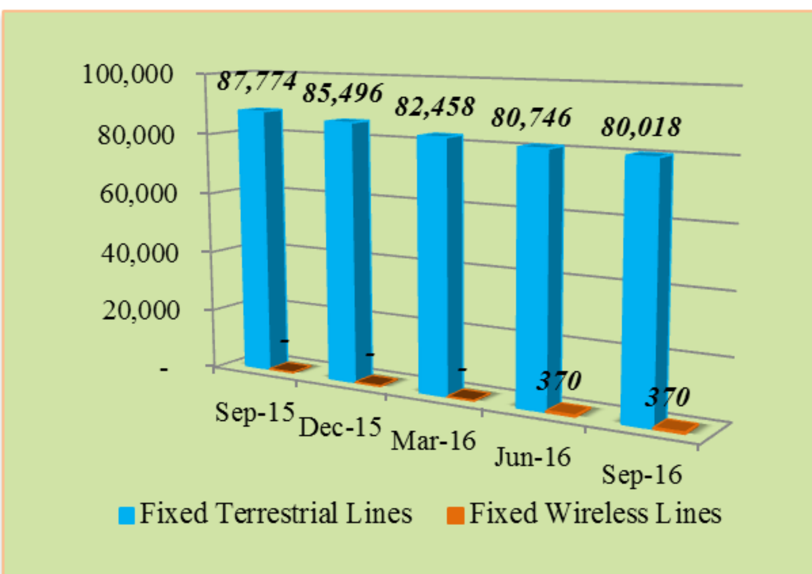
2 FIXED TELEPHONE SERVICE

2.1 Fixed Network Subscriptions

During the period under review, the number of fixed network subscriptions decreased by 0.9 per cent to record 80,388 subscriptions down from 81,116 the last quarter as has been the case during the previous quarters. The number of fixed lines stood at 80,018 down from 80,746 subscriptions posted in the last quarter. On the other hand, fixed wireless subscriptions remained at 370 subscriptions.

The trend in fixed network subscriptions is illustrated in Figure 6.

Figure 6: Fixed Network Subscriptions



Source: CA, Operators Returns.

2.2 Fixed Network Traffic

The volume of fixed network traffic registered a growth of 20.6 per cent during the quarter under review to post 697,332 minutes up from 578,450 minutes recorded during the previous quarter. Fixed-to-fixed network traffic grew by 4.1 per cent to post 374,325 minutes during the quarter.. Similarly, fixed wireless-to-fixed wireless network traffic increased to 322,997 minutes during the quarter up from 218,934 minutes recorded during the preceding quarter.

Table 11 illustrates the trend in fixed network traffic.

Table 11: Local Fixed Network Traffic in Minutes

Local Fixed Network traffic	*Jul-Sep 16*	*Apr-Jun 16*	*Quarterly Variation (%)*	*Jul-Sep 15*	*Apr-Jun 15*	*Quarterly Variation (%)*
Fixed-fixed	374,325	359,516	4.1	542,722	324,869	67.1
Fixed Wireless-fixed wireless	322,997	218,934	47.5	0	588,128	-100.0
Total Local Fixed network traffic	**697,322**	**578,450**	20.6	**542,722**	**912,997**	-40.6

Source: CA, Operators' Returns

International fixed network traffic registered mixed market trends during the period under review. Incoming fixed voice network traffic originating from other countries recorded a one fold increase during the quarter under review to post 3.3 million minutes up from 1.5 million minutes the previous quarter.

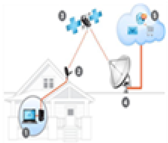
International outgoing fixed network traffic declined marginally by 2.0 per cent during the quarter under review to stand at 2.3 million minutes,while international outgoing fixed network VoIP traffic was recorded at 916,620 minutes down from 1.4 million minutes recorded during the previous quarter

The trend in international fixed network traffic is illustrated in Table 12 below.

Table 12: International Fixed Voice Traffic

International Fixed Network traffic	*Jul-Sep 16*	*Apr-Jun 16*	*Quarterly Variation (%)*	*Jul-Sep 15*	*Apr-Jun 15*	*Quarterly Variation (%)*
International Incoming Fixed Network Voice traffic	3,328,356	1,590,287	109.3	2,321,498	2,300,271	0.9
International Outgoing Fixed Network Voice traffic	2,345,458	2,393,906	-2.0	2,263,843	2,647,893	-14.5
International Outgoing Fixed Network VoIP traffic	916,620	1,481,345	-38.1	-	-	-

Source: CA, Operators Returns.

3  DATA/INTERNET SERVICES

3.1 Data/Internet Service

Unlike the previous quarters where the data market had maintained an upward trend, the quarter under review experienced a decline in the number of subscriptions. The number of Internet subscriptions declined to 25.6 million down from 26.8 million subscriptions in the last quarter, representing a 4.5 per cent drop. This is attributed to the revision of Internet subscriptions data by Telkom Kenya Limited. However, compared with the same period of the previous financial year, growth of 18.5 per cent was noted. On the other hand, there was a nominal growth on estimated Internet users of 2,071 subscriptions to stand at 37.7 million. This translated to Internet/data penetration level of 85.3 per cent during the quarter.

Mobile data subscriptions contributed 99 per cent of the total data/Internet subscriptions. However, the number of mobile data/Internet subscriptions declined to 25.5 million during the quarter down from 26.7 million subscriptions recorded during the previous period, representing a 4.6 per cent drop.

Terrestrial wireless data subscriptions increased during the period under review to register 15,835 subscriptions up from 13,449 recorded during the last quarter marking a growth of 17.7 per cent. Likewise, satellite subscriptions registered a remarkable increase of 113.6 per cent to stand at 598 subscriptions up from 280 subscriptions registered in the last quarter. However, when compared with the same quarter in the last financial year, there was a decline of 16.9 per cent.

Fixed DSL subscriptions declined by 15.7 per cent to stand at 2,583 subscriptions down from 3,063 subscriptions recorded in the previous quarter.

In addition, the number of fibre optic subscriptions grew by 20.7 per cent to stand at 33,269 subscriptions during the period up from 27,571 subscriptions recorded the previous period. Fixed cable modem subscriptions recorded an increase of 8.4 per cent to post 83,789 subscriptions up from 77,319 subscriptions recorded in the previous quarter.

The number of data/Internet subscriptions and users is as indicated in Table 13.

Table 13: Internet Subscriptions and Internet Users

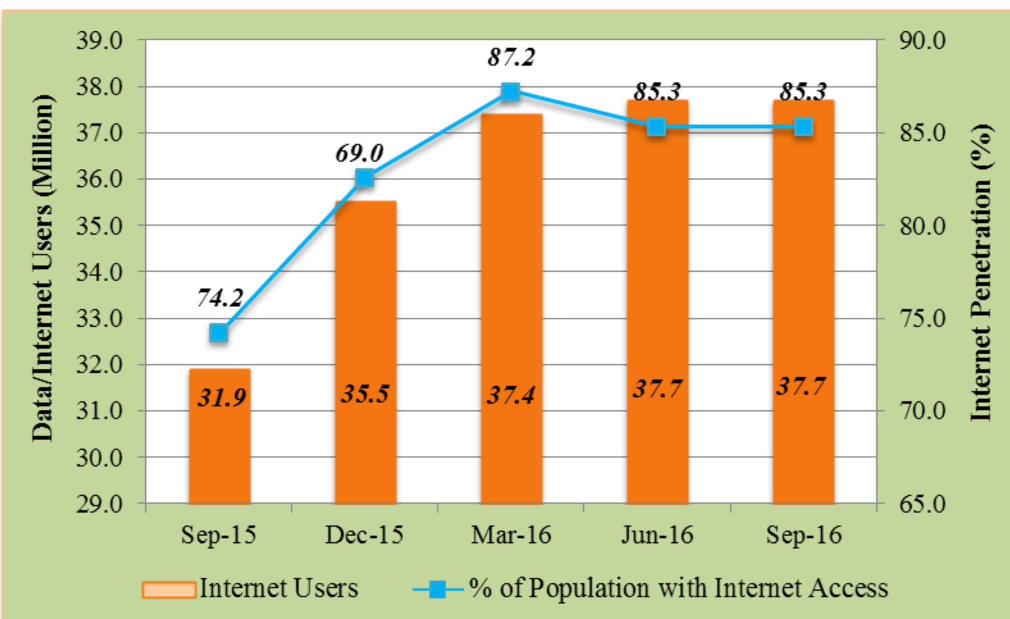
Internet/Data Subscriptions	***Sep-16***	***Jun-16***	***Quarterly Variation (%)***	***Sep-15***
Total Internet Subscriptions	**25,672,474**	**26,880,471**	**-4.5**	**21,628,271**
Mobile Data Subscriptions	25,536,400	26,758,789	-4.6	21,511,638
Terrestrial Wireless Data Subscriptions	15,835	13,449	17.7	13,221
Satellite Data Subscriptions	598	280	113.6	720
Fixed DSL Data Subscriptions	2,583	3,063	-15.7	2,500
Fixed Fibre Optic Data Subscriptions	33,269	27,571	20.7	100,192
Fixed Cable Modem Subscriptions	83,789	77,319	8.4	25
Estimated Internet Users[5]	**37,718,650**	**37,716,579**	**0.0**	**31,985,048**

Source: CA, Operators' Returns

The number of people using the Internet remained unchanged at 85.3 users per 100 inhabitants.

The trends on Internet/data usage and penetration are as demonstrated in Figure 7.

Figure 7: Estimated Number of Internet Users and Internet Users



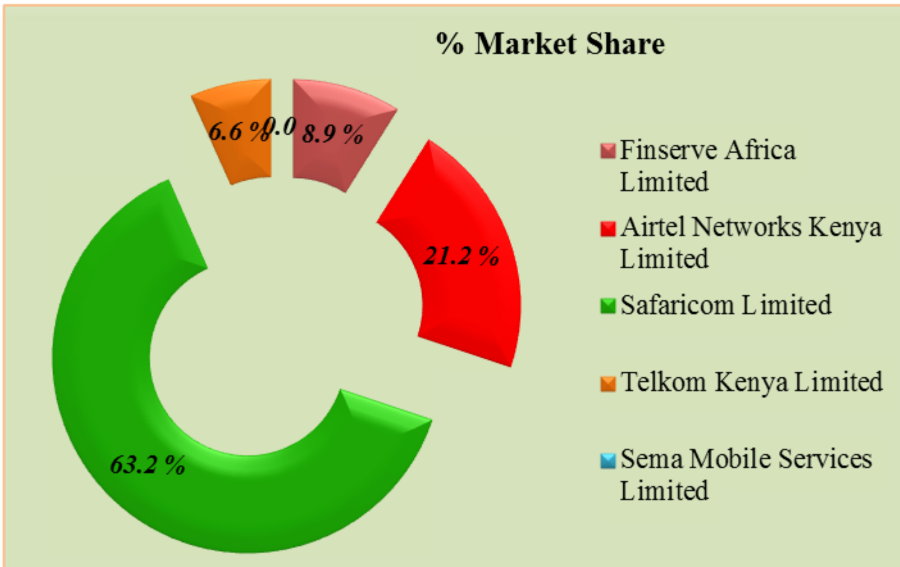
Source: CA, Operators' Returns.

[5] Total no. of Internet users = (1MD+10TW+100FFOS) where MD is the number of mobile data/internet subscriptions; TW is the terrestrial wireless subscriptions; and FFOS by 100 is fixed DSL, Fibre optic and satellite subscriptions. There is no scientific method of estimating internet users; for the purpose of this report the methodology is adopted from the recommendation from ITU

With regard to the market share for mobile data/Internet subscriptions; Safaricom Kenya Limited maintained the highest market share during the quarter with its market share standing at 63.2 per cent with Airtel Networks Limited posted a 21.2 per cent market share. Telkom Kenya Limited and Finserve Africa Limited recorded market shares of 6.6 per cent and 8.9 per cent respectively. Sema mobile service Limited which launched its services in the last financial year had its market share below 0.0 per cent.

The market shares for mobile data/Internet market by operator are shown in Figure 8.

Figure 8: Mobile data/Internet Subscriptions



Source: CA, Operators' Returns

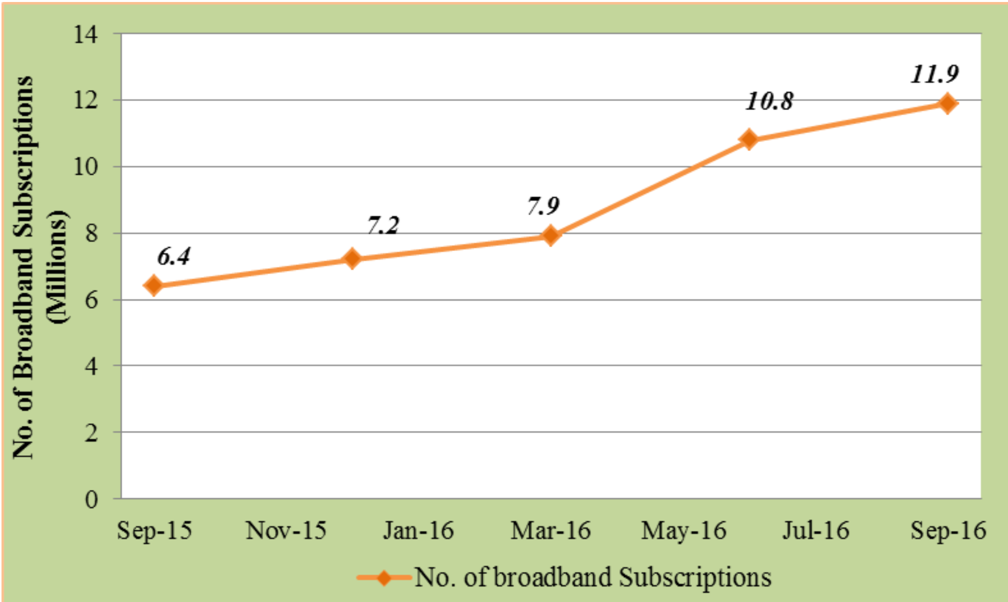
3.2 Broadband Services

3.2.1 Data / Internet broadband subscriptions

Broadband subscriptions have continued to demonstrate steady growth with the quarter under review posting 11.9 million subscriptions up from 10.8 million subscriptions posted in the preceding quarter. Consequently, broadband penetration level was recorded at 27.0 per cent during the quarter up from 24.5 per cent recorded in the previous quarter.

The trend in broadband subscriptions is illustrated in Figure 9.

Figure 9: Broadband Subscriptions



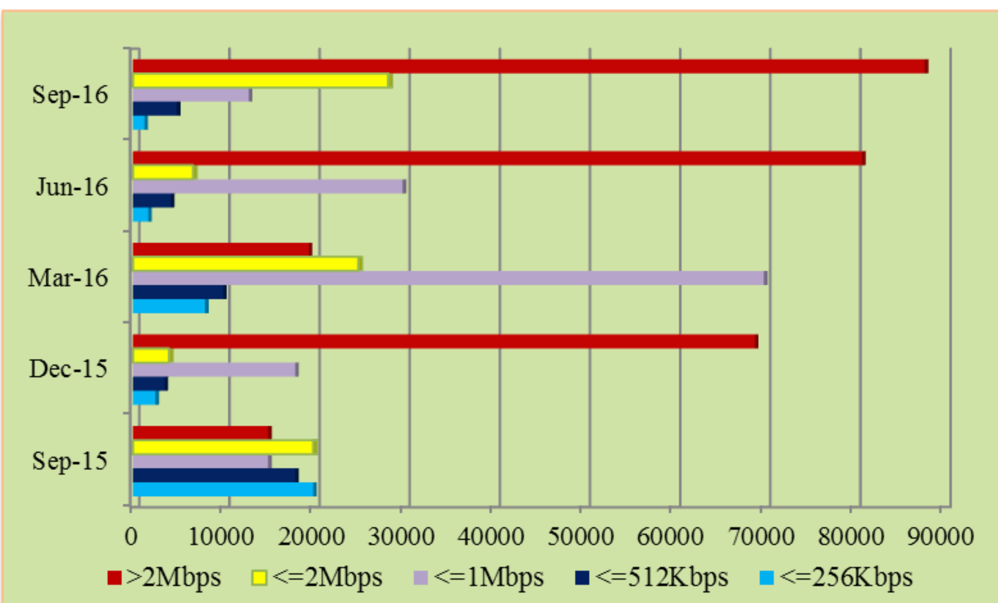
Source: CA, Operators' Returns

3.2.2 Broadband subscriptions by Speed

During the quarter under review, broadband speeds greater than 2Mbps recorded the highest numbers of subscriptions while broadband speeds with less than or equal to 256Kbps recorded the least number of subscriptions.

The number of broadband subscriptions by speeds is illustrated in Figure 10.

Figure 10: Broadband Subscriptions by Speed



Source: CA, Operators' Returns.

3.3 International Bandwidth

The total international bandwidth available in the country (Lit/equip capacity) rose by 17.2 percent to post 2.02 million Mbps up from 1.73 million Mbps recorded in the previous quarter. This was mainly attributed to the increase of SEACOM's capacity by 31.6 percent to reach 1,250,000 Mbps during the quarter under review up from 950,000 Mbps recorded in the previous quarter. On the other hand, TEAMs capacity declined by 0.3 per cent to register at 700,000 Mbps while EASSY and Lion2 available bandwidth remained unchanged at 39,060 and 39,210 respectively.

Satellite Internet bandwidth capacity declined slightly during the period under review to stand at 473.43 Mbps down from last quarter's 475.43 Mbps. When compared with the same period in the last financial year, there was an increase of 36.5 per cent in capacity over the period.

The trend on international available bandwidth is as shown in Table 14.

Table 14: International Internet Available Bandwidth (Mbps)

International Connectivity Bandwidth	*Sep-16*	*Jun-16*	*Quarterly Variation (%)*	*Sep-15*
SEACOM	1,250,000	950,000	31.6	770,000
TEAMS	700,000	702,000	-0.3	700,000
EASSY	39,060	39,060	0.0	39,063
Lion 2	39,210	39,210	0.0	39,210
Satellite Internet Bandwidth	473.43	475.43	-0.4	348.2
Total International Internet Bandwidth (Mbps)	**2,028,745.43**	**1,730,745.43**	**17.2**	**1,548,621**

Source: CA, Operators' Returns

The total used international internet bandwidth dropped by 4.3 per cent to reach 839,775.43 Mbps during the quarter under review down from 877,775.43 Mbps registered in the last quarter. The International undersea cable used bandwidth dropped by 4.3 per cent to reach 839,300Mbps down from 877,300 Mbps recorded in the last quarter.

The amount of used Satellite bandwidth was recorded at 270.43 Mbps-during the quarter under review down from 475.43 Mbps utilized during the preceding quarter.

The trend in international used bandwidth is shown in Table 15.

Table 15: International Internet Used Bandwidth (Mbps)

International Leased (Used) Bandwidth	*Sep-16*	*Jun-16*	*Quarterly Variation (%)*	*Sep-15*
International Undersea Internet Connectivity Bandwidth (Mbps)	839,300.00	877,300	-4.3	792,300.00
International Satellite Internet Connectivity Bandwidth	270.43	475.43	0.0	310.90
Total International Internet Connectivity Bandwidth (Mbps)	**839,775.43**	**877,775.43**	**-4.3**	**792,610.90**

Source: CA, Operators' Returns

3.4 Revenue and Investment in the Data/Internet Market

The data on annual revenues and investments for data/Internet market will be updated at the end of the financial year. Data/Internet revenue and investment is shown in Table 16.

Table 16: Data/Internet Revenue and Investment

Data/Internet Revenue and Investments	***2015****	***2014****	***2013***	***2012***	***2011***	***Variation (%) Over 2014***	***Variation (%) Over 2013***	***Variation (%) Over 2012***	***Variation (%) Over 2011***
Data/Internet Revenue (KES Millions)	8,498	10,158	21,941	25,627	13,710	-16.3	-53.7	-14.4	86.9
Data/Internet Investments (KES Millions)	2,233	3,440	3,537	6,115	5,079	-35	-2.7	-42.2	20.4

***Source:** CA, Operators' Returns. * Note that revenue and investments in data market excludes data revenues from the mobile sector.*

3.5 Registered Domain Names

The number of *dot KE* (.KE) domain names as at 30th September 2016 was recorded at 60,998 as shown in Table 17. ".co.ke" (companies) had the highest share with 92.74 per cent while ".mobi.ke" recorded the lowest share at 0.08 per cent.

Table 17: Number of Domain names

		Sep-16		***Jun-16***	
Sub-Domain	**Use**	**No. of Domains**	**Percentage (%)**	**No. of Domains**	**Percentage (%)**
CO.KE	Companies	56,568	92.74	53,990	92.76
GO.KE	Government Entities	369	0.60	368	0.63
OR.KE	Non Profit Making Organizations	1,841	3.02	1,759	3.02
AC.KE	Institutions of Higher Education	767	1.26	791	1.36
SC.KE	Lower and Middle Level Institutions	703	1.15	605	1.04
NE.KE	Personal Websites and E-mail	210	0.34	182	0.31
ME.KE	Personal Websites and E-mail	355	0.58	337	0.58
MOBI.KE	Mobile Content	47	0.08	46	0.08
INFO.KE	Information	138	0.23	128	0.22
Total		**60,998**	**100**	**58,206**	**100**

Source: Kenya Network Information Centre (KeNIC) - [www.kenic.or.ke,](http://www.kenic.or.ke)

4 BROADCASTING

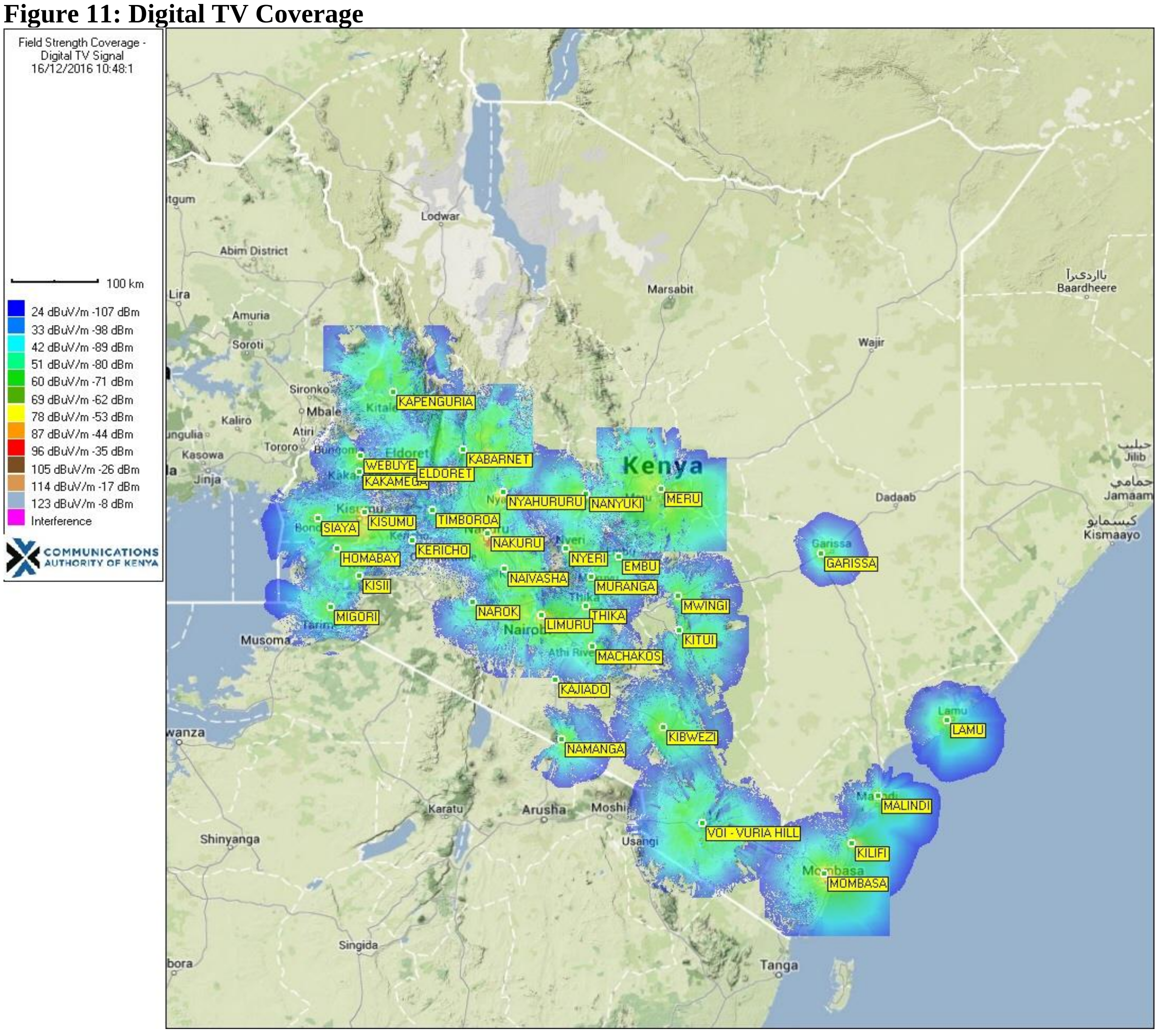
4.1 Digital Television

For the period under review, the number of free-to-air TV channels on the digital terrestrial platform stood at 63 whereas the number of pay TV service providers on the Digital Terrestrial Television (DTT) platform remained two; GoTV and StarTimes.

4.2 Digital Terrestrial Television sites rollout

As at the end of the quarter under review, the digital signal covered 66 per cent of the Kenyan population with the signal available in; Nairobi, Nakuru, Nyeri, Mombasa, Kisumu, Eldoret, Malindi, Meru, Kisii, Kericho, Narok, Nyahururu, Embu,Migori,Machakos, Murang'a, Naivasha, Nyeri, Webuye, Kapenguria,Kitui, Lamu, Namanga, Kakamega, Kabarnet, Siaya, Homabay,Timboroa, Nanyuki, Thika, Limuru, Mwingi, Kajiado, Kibwezi, Garissa, Voi and Kilifi. Figure 11 illustrates the digital TV coverage in the country.

Figure 11: Digital TV Coverage



4.3 Set top Boxes

The number of digital Set Top Boxes purchased during the quarter under review stood at 226 Free-to-Air set top boxes; 90,216 for Pay TV and 4,024 for Cable TV.

4.4 FM Radio Stations

The number of FM radio stations in the country stood at 139 stations as at 30th September 2016.

5 POSTAL AND COURIER SERVICES

5.1 Postal and Courier Traffic

During quarter under review, on the one hand, the number of letters posted locally witnessed a slight increase of 3.6 per cent to stand at 17.2 million letters up from 16.6 million letters registered in the previous quarter. On the other hand, the number of courier items sent locally declined to reach 1.3 million items down from 1.4 million items recorded in the previous quarter representing a drop of 8.2 per cent.

The volume of letters received from other countries during the quarter recorded an increase of 1.8 per cent to stand at 2.1 million up from 2.0 million letters recorded during the previous period. Similarly, the international outgoing letters posted a significant increase of 46.9 per cent to stand at 2.0 million up letters from 1.3 million letters recoded in the previous quarter.

The postal and courier traffic is shown in Table 18.

Table 18: Postal and Courier Traffic

Post and Courier Traffic	***Jul-Sep 16***	***Apr-Jun 16***	***Quarterly Variation (%)***	***Jul-Sep 15***
Number of Letters (Up to 350 gms) Posted Locally	17,211,415	16,615,196	3.6	12,988,125
Total Courier Items Sent Locally	1,324,786	1,443,704	-8.2	305,248
International Incoming Letters (Up to 350 gms)	2,112,537	2,075,046	1.8	2,444,108
International Outgoing Letters (Up to 350 gms)	2,014,753	1,371,214	46.9	1,377,627

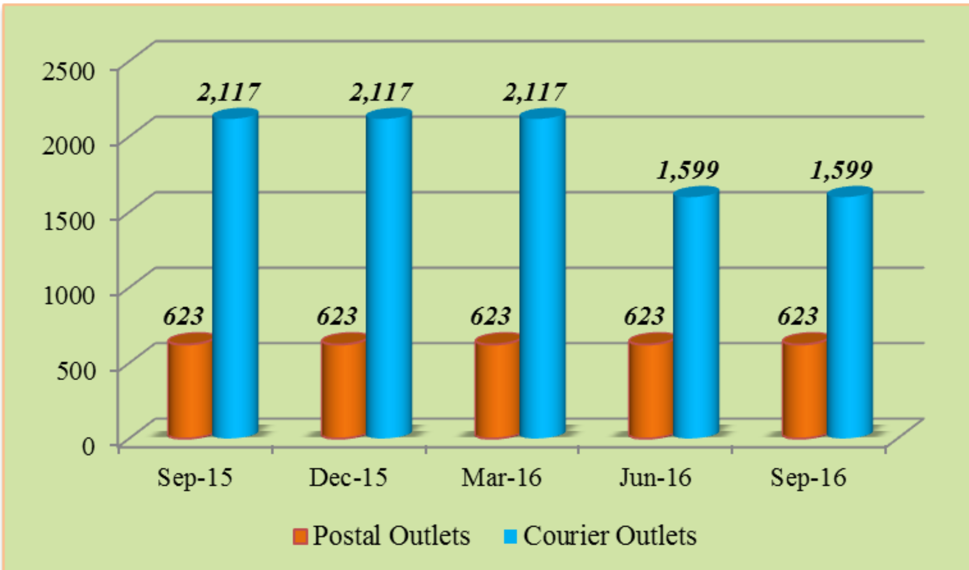
Source: CA, Operators' Returns,

5.2 Number of Postal and Courier Outlets

During the period under review, the number of postal outlets and private courier outlet remained at 623 and 1,599 respectively.

The number of postal and private courier outlets is as illustrated in figure 12.

Figure 12: Number of Postal and Courier Outlets



Source: CA, Operators' Returns,

5.3 Postal and Courier Revenue and Investments

Data on annual revenue and investments in the postal and courier sub-sector will be updated at the end of the financial year.

Table 19 shows the postal and courier revenue and investment.

Table 19: Postal and Courier Revenue and Investments

Post/Courier Revenue and Investment	***2015***	***2014***	***2013***	***2012***	***2011***	***Variation (%) Over 2014***	***Variation (%) Over 2013***	***Variation (%) Over 2012***	***Variation (%) Over 2011***
Revenue (KES Millions)	4,800	8,530	7,086	7,467	11,793	-43.7	20.4	-5.1	-36.7
Investments (KES Millions)	327	397	519	390	504	-17.6	-23.5	33.1	-22.6

Source: CA, Operators' Returns,

6 TARIFFS, PROMOTIONS AND SPECIAL OFFERS

During the first quarter of the FY 2016/2017, the Authority reviewed and approved a total of 8 tariffs and 9 promotions and special offers, whose distribution is shown in tables 20 and 21 respectively.

Table 20: Tariffs

Service provider	***July- Sep 2016***					
	Voice	**SMS**	**Data**	**Bundle**	**Others**	**Total**
Safaricom	-	1	-	-	1	2
Airtel	-	1	-	1	-	2
Telkom	-	-	1	2	-	3
Wananchi Group	-	-	-	1	-	1

Table 21: Promotions and Special Offers

Service provider	***July- Sep 2016***					
	Voice	**SMS**	**Data**	**Bundle**	**Others**	**Total**
Safaricom	-	-	1	2	2	7
Airtel	-	-	-	-	1	1
Telkom	-	-	-	-	-	-
Wananchi Group	-	-	-	-	1	1

7 CONCLUSION

The uptake of ICT services in Kenya has remained high over a period of time. The mobile sector has grown to be a key pillar in facilitating the expansion of the economy in provision of services such as mobile financial services, M-education, M-agriculture among other services.The growth of mobile money subscriptions has enhanced digital financial inclusion in the country.

SMS traffic remained fairly high during the quarter as was the case in the previous quarter despite the growing popularity of OTTs. This is mainly attributed to introduction of new SMS tariffs and promotions by the operators, which may be viewed as operators attempt to compete with OTT messaging services.

The data/Internet usage continues to grow in the country, bringing with it new ways of transacting, communicating, learning, socializing, and transforming every aspect of daily life.With the expanded availability of Internet bandwidth, the growth of Internet usage is expected to rise in the country.

Despite the availability of e-services in the country, the demand for use of postal and courier services is still high. The sub sector traffic recorded a slight growth during the quarter and this was occasioned by the beginning of examination period where people were sending success cards to their relatives and friends.The traffic is anticipated to increase in the next quarter as a result of the upcoming festive season.

Published: September 2016
Author: Communications Authority of Kenya (CA)