FIRST QUARTER SECTOR STATISTICS REPORT FOR THE FINANCIAL YEAR 2017/2018
(JULY-SEPTEMBER 2017)

Direct any queries on the report to:
Director/Competition, Tariffs and Market Analysis
Tel:+254-703 042000, +254 - 713 172000
Email: info@ca.go.ke
Website: www.ca.go.ke

***Disclaimer*:**
Although every effort has been made to ensure accuracy of the data contained in this report, the Authority is not liable for inaccuracies in any of the information contained in this report, which is contingent upon the operators/service providers' compliance returns.

KEY ICT INDICATORS

INDICATORS	Apr-Jun 2017 Q4	Jul-Sep 2017 Q1	% change Q4 to Q1
Mobile Subscriptions (Millions)	40.259	41.028	1.9
Fixed subscriptions	71,307	71,118	-0.3
Mobile Penetration	88.7	90.4	1.9
Fixed Telephone Penetration	0.16	0.16	0.0
VOICE TRAFFIC IN MINUTES			
Mobile On-Net Voice Traffic (Billions)	9.541	9.920	4.0
Mobile Off-Net Voice Traffic (Billions)	1.108	1.147	3.5
International Incoming Mobile Voice Traffic (Millions)	146.964	147.098	0.1
International Outgoing Mobile Voice Traffic (Millions)	110.269	111.501	1.1
Roaming-out (Own Subscribers) (Millions)	37.988	44.265	16.5
Roaming-in (Foreign Subscribers) (Millions)	37.722	35.053	-7.1
Total Local Fixed network traffic	680,082	603,200	-11.3
International Incoming Fixed Network Voice traffic (Millions)	2.422	2.172	-10.3
International Outgoing Fixed Network Voice traffic (Millions)	1.961	1.452	-26.0
International Outgoing Fixed Network VoIP traffic	741,622	686,886	-9.8
MOBILE SMS TRAFFIC			
SMS On-Net (Billions)	14.670	18.754	27.8
SMS Off-Net (Millions)	556.934	539.534	-3.1
International Incoming SMS (Millions)	8.210	10.053	22.4
International Outgoing SMS (Millions)	9.461	9.578	1.2
MOBILE MONEY TRANSFER SERVICES			
Number of Mobile Money Subscriptions (Millions)	28.074	28.192	0.4
Number of Registered Mobile Money Agents	180,657	184,537	2.1
Number of Transactions-Sending and Withdrawal (Millions)	480.585	537.242	11.8
Value of Transactions- Sending and Withdrawal (Ksh in trillions)	1.218	1.659	36.2
DATA/INTERNET SERVICES			
Data/ Internet Subscriptions (Millions)	29.624	30.891	4.3
Total Available International Bandwidth (Gbps)	2,906.87	2909.512	0.1
Total Used International Bandwidth (Gbps)	882.573	887.187	0.5
Internet Penetration	100.2	112.7	12.5
Broadband Penetration	34.2	38.8	13.5
BROADCASTING SERVICES			
Number of free-to-air TV channels	66	62	-6.1
Number of Radio FM stations	178	178	0.0
Digital Signal Population Coverage (%)	75	83.6	11.5

SELECTED INDICATORS	Apr-Jun 2017	Jul-Sep 2017	% change Q4 to Q1
POSTAL AND COURIER SERVICES			
Postal Outlets	623	623	0.0
Private Courier Outlets	997	997	0.0
Number of Letters (Up to 350 gms) Posted Locally(Millions)	15.722	16.027	1.9
Total Courier Items Sent Locally (Millions)	1.472	1.712	16.3
International Incoming Letters (Up to 350 gms) (Millions)	1.075	1.078	0.3
International Outgoing Letters (Up to 350 gms) (Millions)	1.074	1.083	0.8
Total Population in Kenya (Millions)	45.4	45.4	0.0

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B2C	Business to Customer
B2B	Business to Business
DTT	Digital Terrestrial Television
EASSy	Eastern Africa Submarine Cable Systems
FY	Financial Year
EVDO	Evolution-Data Optimized
ICTs	Information Communication Technologies
LION2	Lower Indian Ocean Network
Mbps	Megabits per second
MMS	Multimedia Service
MoU	Minutes of Use
MNO	Mobile Network Operator
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
OTT	Over-The-Top
C2B	Customer to Business
P2P	Person to Person

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 review in case of any revisions or updates from the service providers.*

II. REPORT SUMMARY

The First Quarter Sector Statistics Report provides an overview of the ICT sector performance and market trends for the period July to September 2017 on the following service categories:

- Mobile Telephony Service
- Fixed Telephony Service
- Data/Internet Service
- Broadcasting Service
- Postal and Courier Service and
- Tariffs, Promotions and Special Offers

During the first quarter of the FY 2017/18 the number of mobile subscriptions[1] stood at 41.0 million up from 40.2 million reported in the preceding quarter, marking a growth of 1.9 per cent over the period. Subsequently mobile penetration rose by 1.7 percentage points to reach 90.4 per cent from 88.7 per cent recorded during the previous quarter.

The net additions in mobile subscriptions were recorded at 768,831 during the period under review compared to 1.1 million additions registered in the previous quarter.

The number of active mobile money transfer subscriptions and registered agents stood at 28.1 million and 184,537 respectively. In addition, a total of 537.2 million transactions (sending and withdrawals) were made during the period which was valued at Kshs.1.65 trillion. Mobile commerce transactions which include Customer-to-Business (C2B), Business-to-Customer (B2C) and Business- to-Business (B2B) stood at 352.4 million and were valued at Kshs.714.3 billion. Additionally, Person- to-Person (P2P) transfers amounted to Kshs. 544.1 billion.

During the quarter under review, the total volume of traffic originating from mobile networks was 11.0 billion minutes up from 10.6 billion minutes recorded in the previous quarter. On-net mobile traffic rose by 4.0 per cent to register 9.9 billion minutes from 9.5 billion minutes reported in the previous period. Similarly, off net traffic increased by 3.5 per cent to post 1.14 billion minutes from 1.10 billion minutes recorded during the preceding quarter. Thus, Minutes of Use per Month rose to 90.1 per cent during the quarter under review from 88.4 per cent recorded in the previous quarter.

[1] Subscription refers to an agreement between a service provider and a customer to receive certain ICT services for a fee. This means one customer can have several agreements with a single or multiple service providers to provide similar or different services although the terms may vary.

The total number of Short Messages (SMS) sent during the quarter increased significantly to post 19.2 billion messages from 15.2 billion registered last quarter.

The volume of roaming-out and roaming-in voice traffic was recorded at 44.2 million and 35.0 million minutes respectively.

During the period under review, 295 numbers were ported compared to the 311 in-ports recorded in the preceding quarter.

International incoming mobile voice traffic was recorded at 147.0 million minutes while International Outgoing Mobile voice traffic registered 111.5 million minutes during the quarter under review. The volume of international incoming mobile SMS and international outgoing mobile SMS traffic was recorded at 10.0 million and 9.5 million messages respectively.

The fixed network subscriptions were recorded at 71,118 lines down from 71,307 lines recorded during the previous period with fixed terrestial and fixed wireless connections recording 70,803 and 315 subscriptions respectively.

During the quarter under review, data/internet subscriptions witnessed a growth of 4.3 per cent to stand at 30.8 million subscriptions from 29.6 million subscriptions reported the previous quarter. Mobile data/internet subscriptions contribute 99.0 percent of the total data/internet subscriptions. Subsequently, the number of estimated data/internet users grew by 12.5 per cent to post 51.1 million users from 45.4 million users reported last quarter translating to Internet penetration levels of 112.7 per cent during the period under review

The number of broadband subscriptions grew by 14.3 per cent to reach 17.6 million from 15.4 million recorded during the previous quarter. Broadband penetration level stood at 38.8 per cent during the period under review.

The total international Internet bandwidth available in the country (Lit /Equip) grew by 0.1 per cent to post 2,909.512 Gbps during the quarter under review from 2,906.873 Gbps recorded during the last quarter. Used capacity also registered a growth of 0.5 per cent to reach 887.187 Gbps up from 882.573 Gbps recorded during the last quarter.

At the end of the period under review, the number of registered *Dot KE* (**.KE**) domain names was registered at 69,567.

The digital broadcasting signal was estimated to have covered about 83.6 per cent of the Kenyan population by the end of the period under review. The number of free-to-air TV channels on the digital terrestrial platform stood at 62 while the number of pay TV service providers on the Digital Terrestrial Television (DTT) remained unchanged at two (2): GoTV and StarTimes.

The volume of letters received from other countries increased by 0.3 per cent to post 1.078 million from 1.075 million received during the previous quarter. Similarly, international outgoing letters increased to 1.08 million from 1.07 million letters sent during the previous quarter.

During the quarter under review, the Authority received an aggregate of 20 applications for tariffs, and promotions and special offers from various service providers which were successfully reviewed and approved.

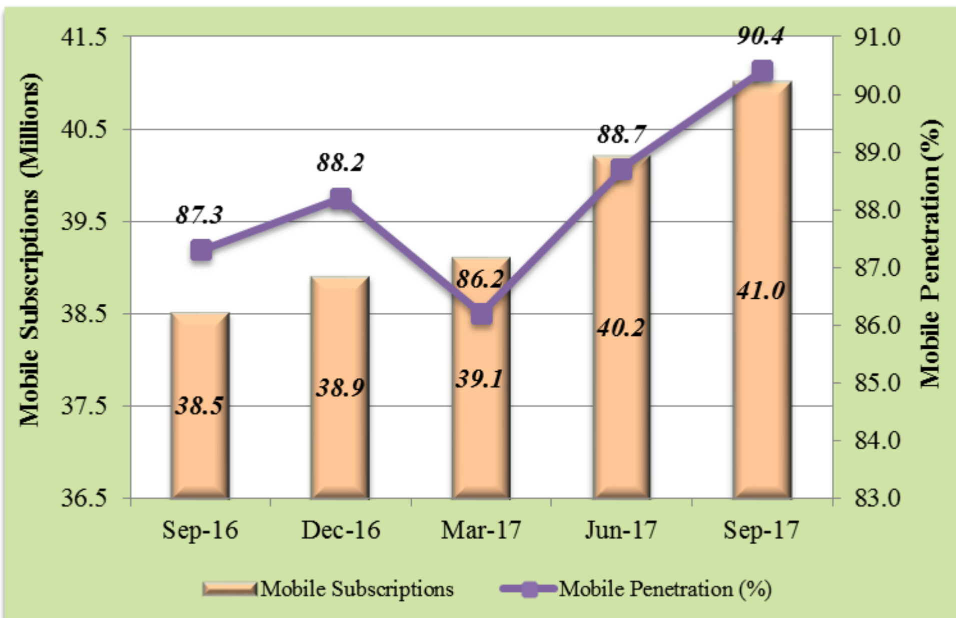
1 CELLULAR MOBILE SERVICES

1.1 Mobile Subscriptions

During the quarter under review, the number of mobile subscriptions stood at 41.0 million up from 40.2 million reported during the preceding quarter, marking a growth of 1.9 per cent. Subsequently, mobile penetration rose by 1.7 percentage points to reach 90.4 per cent from last quarter's 88.7 per cent.

Figure 1 illustrates the trends in mobile subscriptions and penetration levels

Figure 1: Mobile Subscriptions

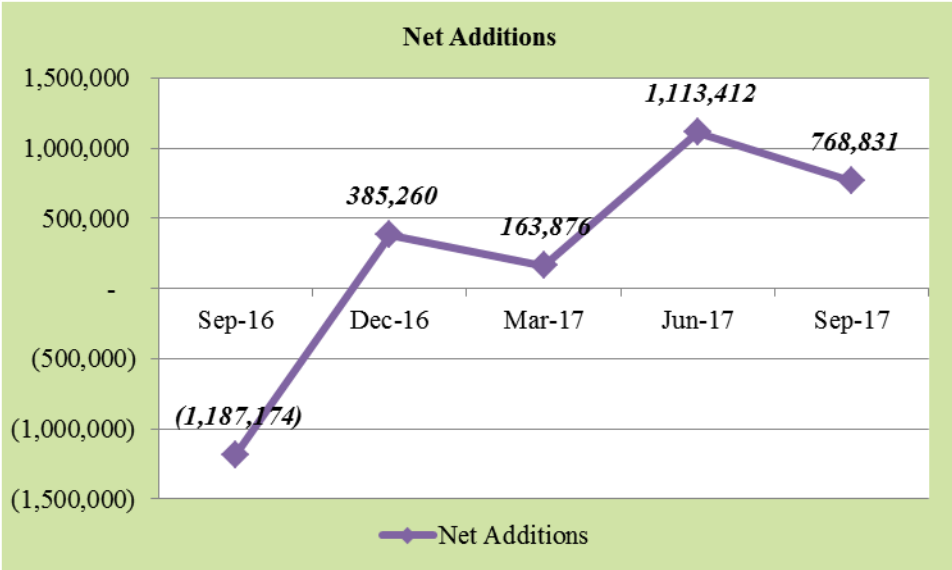


Source: CA, Operators' Returns.

The net additions in mobile subscriptions were recorded at 768,831 during the period under review down from 1.1 million additions recorded during the previous quarter.

Figure 2 shows the net additions in mobile subscriptions

Figure 2: Net additions in Mobile Subscriptions



Source: CA, Operators' Returns.

Safaricom Limited lost 0.7 percentage points to record a market share of 71.9 per cent in mobile subscriptions during the period under review from 72.6 per cent registered during the previous period.

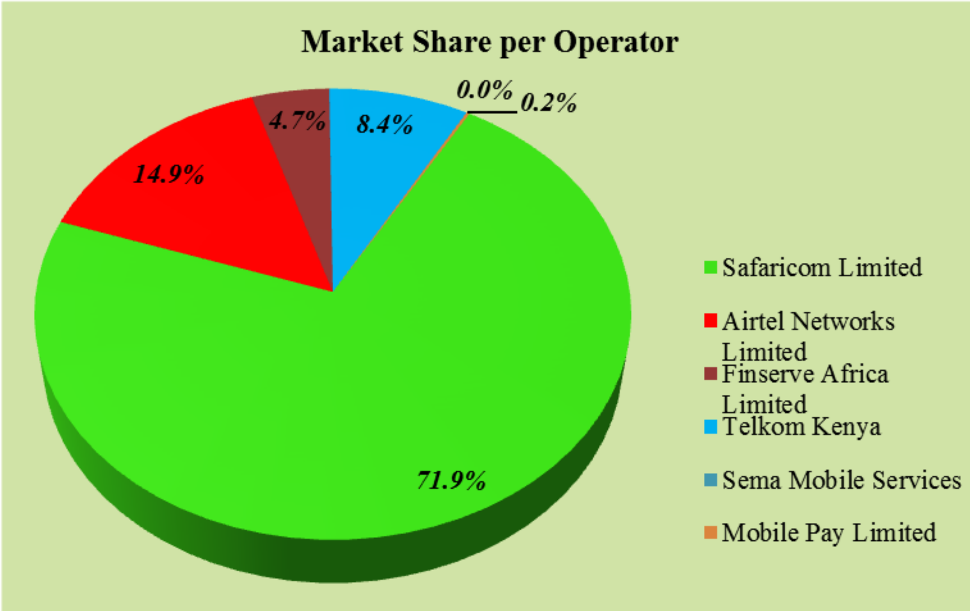
Airtel Networks Limited market share stood at 14.9 per cent during the period under review down from last quarter's 15.3 per cent.

Telkom Kenya Limited market share rose by 1.2 percentage points to stand at 8.4 per cent from 7.2 per cent recorded last quarter.

Finserve Africa Limited registered a market share of 4.7 per cent up from 4.6 per cent. On the other hand Mobile Pay Limited and Sema mobile Services market shares stood at 0.2 per cent and 0.0 per cent respectively.

Figure 3 illustrates the market share for mobile subscriptions per operator

Figure 3: Market share for Mobile Subscriptions per operator



Source: CA, Operators' Returns.

Safaricom Limited's total mobile subscriptions stood at 29.4 million during the period under review up from 29.2 million recorded in the previous quarter. Pre-paid and post-paid subscriptions were recorded at 28.2 million and 1.2 million respectively.

Airtel Networks Limited's mobile subscriptions dropped slightly by 1.2 per cent during the quarter to post 6.10 million subscriptions from 6.17 million registered during the preceding quarter. Similarly Finserve Africa Limited offers pre-paid services only recorded an increase of 2.3 per cent to post 1.9 million subscriptions from 1.8 million subscriptions reported during the previous quarter.

The total mobile subscriptions recorded by Telkom Kenya Limited rose significantly by 18.5 per cent to stand at 3.4 million from 2.8 million reported in the previous period. This is attributed to the customer acquisition campaign carried out by the service provider following its rebranding in mid-year.

Mobile Pay Limited reported a total of 88,853 subscriptions during the period up from 87,786 subscriptions recorded in the previous period. Sema Mobile Services subscriptions remain unchanged at 263.

Table 1 shows mobile subscriptions per operator.

Table 1 : Mobile Subscription per operator

Name of operator	*Jul - Sep 17*			*Apr - Jun 17*			*Quarterly variation (%)*
	Pre-paid	*Post-paid*	*Total*	*Pre-paid*	*Post-paid*	*Total*	
Safaricom Limited	28,241,267	1,249,029	29,490,296	28,155,068	1,073,828	29,228,896	0.9
Airtel Networks Limited	5,963,595	141,241	6,104,836	6,037,020	142,162	6,179,182	-1.2
Finserve Africa Limited	1,908,083	-	1,908,083	1,864,838	-	1,864,838	2.3
Telkom Kenya Limited	3,423,685	12,291	3,435,976	2,889,756	8,755	2,898,511	18.5
Sema Mobile Services	263	-	263	263	-	263	0.0
Mobile Pay Limited	88,853	-	88,853	87,786	-	87,786	1.2
Total	**39,625,746**	**1,402,561**	**41,028,307**	**39,034,731**	**1,224,745**	**40,259,476**	1.9

Source: CA, Operators' Returns.

1.2 Mobile Money Transfer

During the period under review, the number of active mobile money transfer subscriptions and agents stood at 28.1 million and 184,537 respectively. In addition, a total of 537.2 million transactions (sending and withdrawals) were made during the period which was valued at Kshs. 1.65 trillion. The period also saw 352.4 million mobile commerce transactions made with Kshs. 714.3 billion spent in buying goods and services. The person to person transfers amounted to Kshs. 544.1 billion.

Table 2 shows the details of mobile money transfer services.

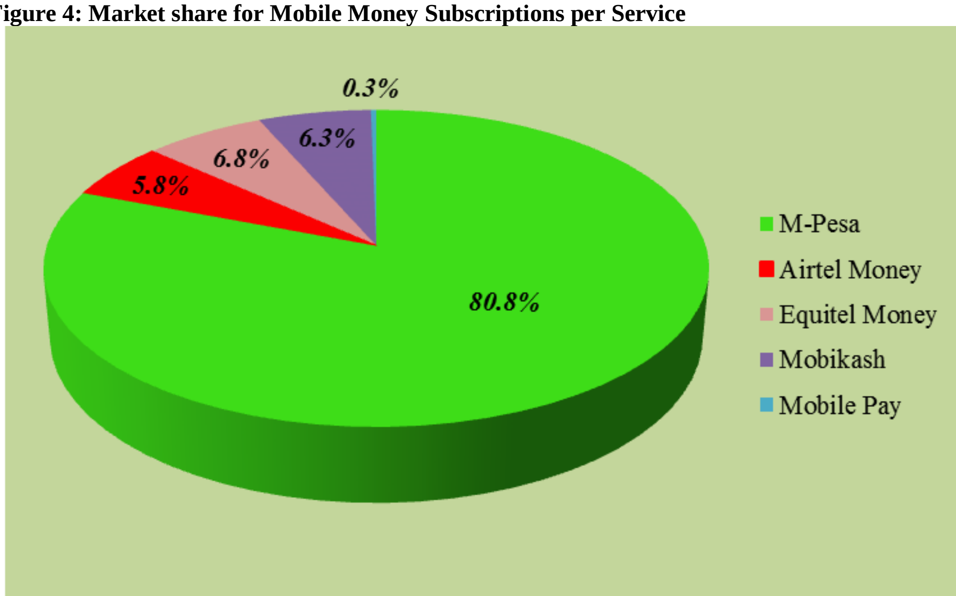
Table 2: Mobile Money Transfer Service

Service	*Jul - Sep 17*						
	Agents	*Subscriptions*	*Number of transactions*	*Value of transactions (Kshs)*	*Mobile commerce transactions*	*Value of mobile commerce (Kshs)*	*Person to Person transfers (Kshs)*
M-Pesa	148,107	22,790,752	428,766,641	1,334,737,016,674	295,298,839	478,403,156,750	448,148,241,300
Airtel Money	14,038	1,632,580	2,468,625	1,151,036,654	2,572,199	2,283,774,337	862,755,908
Equitel Money	-	1,908,083	104,794,588	322,416,284,883	54,552,342	233,627,382,789	94,380,691,295
*Mobikash**	16,749	1,772,696	815,881	127,032,829	6,430	9,227,168	22,876,608
Mobile Pay	5,643	88,883	397,080	1,458,055,912	-	-	767,174,277
Total	**184,537**	**28,192,994**	**537,242,815**	**1,659,889,426,952**	**352,429,810**	**714,323,541,044**	**544,181,739,388**

Source: CA, Operators' Returns. *Provisional data

As illustrated in Figure 4, M-Pesa services posted a market share of 80.8 per cent during the quarter under review. Equitel Money posted a market share of 6.8 per cent while Mobikash stood at 6.3 per cent. Airtel Money and Mobile Pay Limited attained 5.8 and 0.3 per cent market shares respectively.

Figure 4: Market share for Mobile Money Subscriptions per Service



Source: CA, Operators' Returns.

1.3 Mobile Number Portability

The number of ported mobile numbers was 295 during the period under review down from 311 in-ports recorded in the preceding quarter.

Table 3: Mobile Number Portability

Period	*Jul - Sep 17*	*Apr - Jun 17*	*Quarterly Variation (%)*	*Jul - Sep 16*	*Apr - Jun 16*	*Quarterly Variation (%)*
Number of in-ports	295	311	-5.1	404	363	11.3

Source: CA, Operators' Returns

1.4 Mobile Traffic and Usage

1.4.1 Voice Traffic

During the quarter under review, the total volume of traffic originating from mobile networks was 11.0 billion minutes up from 10.6 billion minutes recorded during the previous period. The intra-network mobile traffic rose by 4.0 per cent to register 9.9 billion minutes from 9.5 billion minutes recorded in the previous period.

Similarly, traffic originating from own mobile networks to other mobile networks increased by 3.5 per cent to post 1.14 billion minutes from 1.10 billion minutes reported in the preceding quarter.

Mobile to fixed traffic increased to 23.0 million minutes during the quarter from 22.2 million minutes reported in the previous period. Equally, fixed to mobile traffic rose by 1.8 per cent to register 11.0 million minutes from last quarter's 10.8 million minutes.

Table 4 shows a summary of local mobile voice traffic.

Table 4: Local Mobile Voice Traffic in Minutes

Mobile Traffic	*Jul - Sep 17*	*Apr - Jun 17*	*Quarterly Variation (%)*	*Jul - Sep 16*	*Apr - Jun 16*	*Quarterly Variation (%)*
			By Traffic originating (outgoing traffic)			
Own Network – Own Network	9,920,177,093	9,541,444,813	4.0	9,446,208,083	9,047,012,486	4.4
Own Network to Other Mobile Networks	1,147,363,309	1,108,748,533	3.5	1,296,192,704	1,203,103,891	7.7
Mobile Network to Fixed Network	23,061,836	22,206,435	3.9	15,666,971	16,009,429	-2.1
Total Traffic Origination (Outgoing)	11,090,602,238	10,672,399,781	3.9	10,758,067,758	10,266,125,806	4.8
			By Traffic terminating (incoming traffic)			
Own Network – Own Network	9,920,173,686	9,541,444,813	4.0	9,446,208,083	9,047,012,486	4.4
Other Mobile Networks to Own Network	1,098,769,647	1,104,677,675	-0.5	1,257,363,469	1,197,995,216	5.0
Fixed Network to Mobile Network	11,008,590	10,810,309	1.8	10,428,463	10,795,277	-3.4
Total traffic termination (Incoming)	11,029,951,923	10,661,003,655	3.5	10,714,000,015	10,255,802,979	4.5

Source: CA, Operators' Returns.

1.4.2 Voice Traffic by Operator

Safaricom Limited recorded a total of 8.5 billion voice traffic minutes during the period under review with on-net and off-net traffic reported at 8.1 billion and 310.8 million minutes respectively. Despite the increase in voice traffic, its voice market share declined by 2.7 percentage points to stand at 76.9 per cent.

Airtel Networks Limited's mobile voice traffic rose to 1.9 billion minutes from 1.5 billion minutes registered during the previous quarter. Equally the operator's voice market share increased to 17.4 per cent from last quarter's 14.4 per cent.

Telkom Kenya Limited recorded a marginal decline of 1.5 per cent in mobile voice traffic during the quarter under review to post 589.8 million minutes from 599.1 million reported in the previous quarter. Subsequently, its voice market share dropped to 5.3 per cent from 5.6 per cent.

Finserve Africa Limited registered a total of 40.4 million minutes during the period under review representing a 9.4 per cent decrease when compared to 44.6 million minutes recorded in the previous quarter. Its market share stood at 0.4 per cent.

The total mobile voice traffic reported by Mobile Pay Limited during the quarter was 30,073 minutes up from 29,508 minutes recorded during the previous period while Sema Mobile Services posted a total of 39,255 Minutes. Their voice market share stood at 0.0 per cent.

Local mobile voice traffic by operator and their respective market shares is illustrated in Table 5

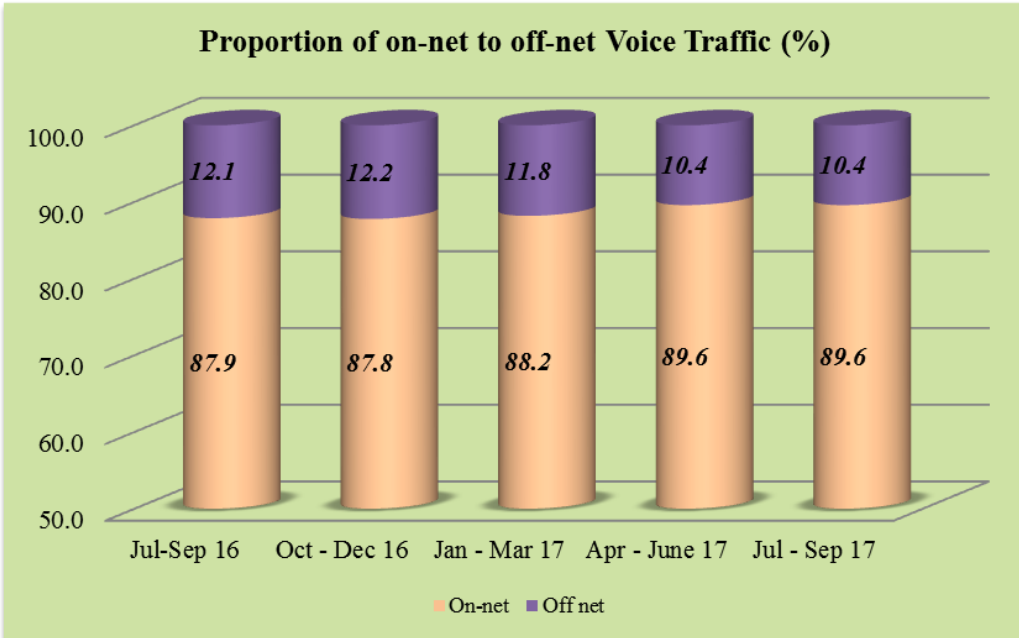
Table 5 : Local Mobile Voice Traffic by Operator

Period	*Name of Operator/ Indicator*	*Safaricom Limited*	*Airtel Networks Kenya Limited*	*Telkom Kenya Limited*	*Finserve Africa Limited*	*Sema Mobile Services*	*Mobile Pay Limited*
Jul - Sep 17	*On-net*	8,199,176,321	1,311,373,880	405,843,313	3,777,017	3,407	3,155
	Off-net	310,876,214	615,752,439	184,032,672	36,639,218	35,848	26,918
	Total	**8,510,052,535**	**1,927,126,319**	**589,875,985**	**40,416,235**	**39,255**	**30,073**
	Market share (%)	76.9	17.4	5.3	0.4	0.0	0.0
Apr - Jun 17	*On-net*	8,154,182,598	956,923,000	426,433,847	3,898,845	3,407	3,116
	Off-net	322,857,408	572,399,328	172,686,776	40,743,038	35,848	26,392
	Total	**8,477,040,006**	**1,529,322,328**	**599,120,623**	**44,641,883**	**39,255**	**29,508**
	Market share (%)	79.6	14.4	5.6	0.4	0.0	-
Jul - Sep 16	*On-net*	7,839,803,000	781,774,000	820,452,345	4,177,067	1,672	-
	Off-net	357,880,380	699,304,069	193,653,867	45,323,410	30,978	-
	Total	**8,197,683,380**	**1,481,078,069**	**1,014,106,212**	**49,500,477**	**32,650**	**-**
	Market Share (%)	76.3	13.8	9.4	0.5	0.0	-

Source: CA, Operators' Returns.

As illustrated in figure 5, the ratio of on-net to off-net mobile traffic was recorded at 89.6 per cent to 10.4 per cent.

Figure 5: Proportion of On-net to Off-net Mobile Voice Traffic

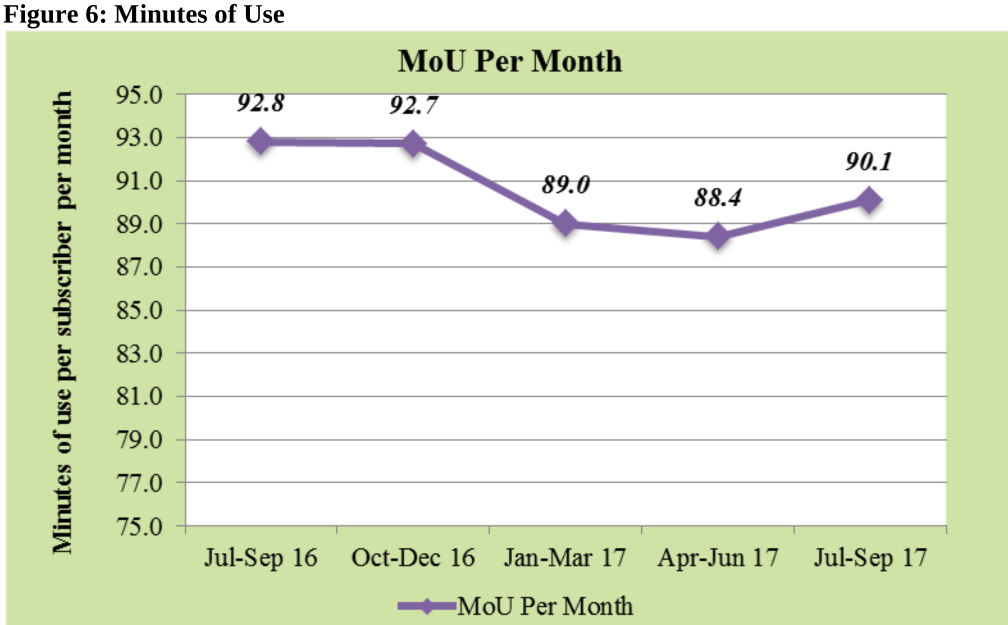


Source: CA, Operators' Returns

1.4.3 Minutes of Use

The Minutes of Use per Month per User rose to 90.1 per cent during the quarter under review from 88.4 per cent recorded in the previous quarter as shown in figure 6.

Figure 6: Minutes of Use



Source: CA, Operators' Returns

1.5 Short Messaging Service

Safaricom Limited recorded a total of 18.7 billion messages originating from its network. The on-net and off-net messages were reported at 18.5 billion and 169.9 million respectively. Its SMS market share stood at 97.0 per cent up from 95.9 per cent recorded in the previous quarter.

The volume of messages sent from Airtel Networks Limited network was 495.2 million messages down from 543.2 million recorded in the previous quarter. Consequently, its SMS market share dropped to 2.6 per cent during the period under review from 3.6 per cent recorded last quarter.

Telkom Kenya Limited reported a total of 66.7 million messages sent on its network during the period under review down from 68.1 million messages recorded in the previous quarter. It's SMS market share declined by 0.1 percentage points to stand at 0.3 per cent.

Finserve Africa Limited registered 8.3 million outgoing messages during the period under review down from 9.1 million messages reported during the previous quarter. Its SMS market share stood at 0.0 per cent.

Mobile Pay Limited and Sema Mobile Services recorded 8,068 and 10,437 outgoing messages respectively. Their SMS market share stood at 0.0 per cent.

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

Table 6: Short Messaging Service per Operator

Period	***Name of Operator/Indicator***	***Safaricom Limited***	***Airtel Networks Kenya Limited***	***Telkom Kenya Limited***	***Finserve Africa Limited***	***Sema Mobile Services***	***Mobile Pay Limited***
Jul-Sep 17	*On-net*	18,553,469,372	183,995,402	15,434,827	1,379,787	952	2,412
	Off-net	169,983,328	311,263,007	51,279,958	6,992,663	9,485	5,656
	Total	**18,723,452,700**	**495,258,409**	**66,714,785**	**8,372,450**	**10,437**	**8,068**
	Market share (%)	97.0	2.6	0.3	0.0	0.0	0.0
Apr-Jun 17	*On-net*	14,431,066,765	220,354,774	17,276,167	1,996,676	952	2,302
	Off-net	175,984,130	322,861,272	50,884,685	7,183,879	9,485	20,309
	Total	**14,607,050,895**	**543,216,046**	**68,160,852**	**9,180,555**	**10,437**	**22,611**
	Market share (%)	95.9	3.6	0.4	0.1	0.0	0.0
Jul-Sep 16	*On-net*	11,449,058,006	302,099,018	23,192,141	1,179,771	1,176	-
	Off-net	145,010,256	315,791,686	39,827,489	8,251,850	8,048	-
	Total	**11,594,068,262**	**617,890,704**	**63,019,630**	**9,431,621**	**9,224**	**-**
	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	-
	Off-net	126,650,756	315,796,598	43,441,178	7,585,988	7,106	-
	Total	**10,909,672,056**	**629,658,470**	**68,190,948**	**9,089,280**	**7,568**	**-**
	Market Share (%)	93.9	5.4	0.6	0.1	0.0	-

Source: CA, Operators' Returns.

1.6 Roaming Traffic

During the period under review, the volume of roaming-out voice traffic stood at 44.2 million minutes with roamers within East African Community (EAC) region contributing 38.0 million minutes. The out-roamers sent 13.0 million messages and consumed 3.5 million MB on data services.

Roaming-in voice traffic recorded a total of 35.0 million minutes with in-roamers from EAC region contributing 30.9 million minutes. The volume of SMS sent by in-roamers and amount of data used was recorded at 6.2 million messages and 19.6 million MB respectively.

The data on roaming traffic is indicated in Table 7

Table 7 : Roaming Traffic

Name of Country	*Jul -Sep 17*					
	Roaming-Out (Own Subscribers)			*Roaming-In (Foreign Subscribers)*		
	Voice	*SMS*	*Data (MB)*	*Voice*	*SMS*	*Data (MB)*
Uganda	28,102,931	4,540,078	1,213,187	18,636,025	391,475	563,993
Tanzania	4,930,061	2,060,428	1,486,612	704,761	1,315,275	442,366
Rwanda	2,209,962	384,991	296,939	5,748,164	136,446	144,185
Burundi	22,281	25,164	3,692	7,855	11,351	243
S. Sudan	2,829,369	518,836	47,234	5,851,670	75,721	270
Others	6,171,031	5,534,464	478,166	4,104,858	4,271,432	18,529,510
Total	44,265,635	13,063,961	3,525,830	35,053,333	6,201,700	19,680,567

Source: CA, Operators' Returns.

1.7 International Mobile Traffic

International incoming mobile voice traffic increased by 0.1 per cent to record 147.0 million minutes during the period under review from 146.9 million minutes reported during the previous quarter. Traffic originating from EAC region stood at 46.8 million minutes while non-EAC countries contributed 100.2 million minutes.

Similarly, international outgoing mobile voice traffic rose by 1.1 per cent to post 111.5 million minutes from 110.2 million minutes recorded in the preceding quarter. The volume of traffic terminating in EAC and non-EAC countries was recorded at 50.8 million and 60.6 million minutes respectively.

The volume of international incoming mobile SMS sent to other countries rose to 10.0 million messages during the quarter under review from 8.2 million messages reported in the previous quarter.

The total international outgoing mobile SMS was recorded at 9.5 million messages up from 9.4 million messages reported during the previous quarter.

International Voice and SMS Traffic are indicated in Table 8.

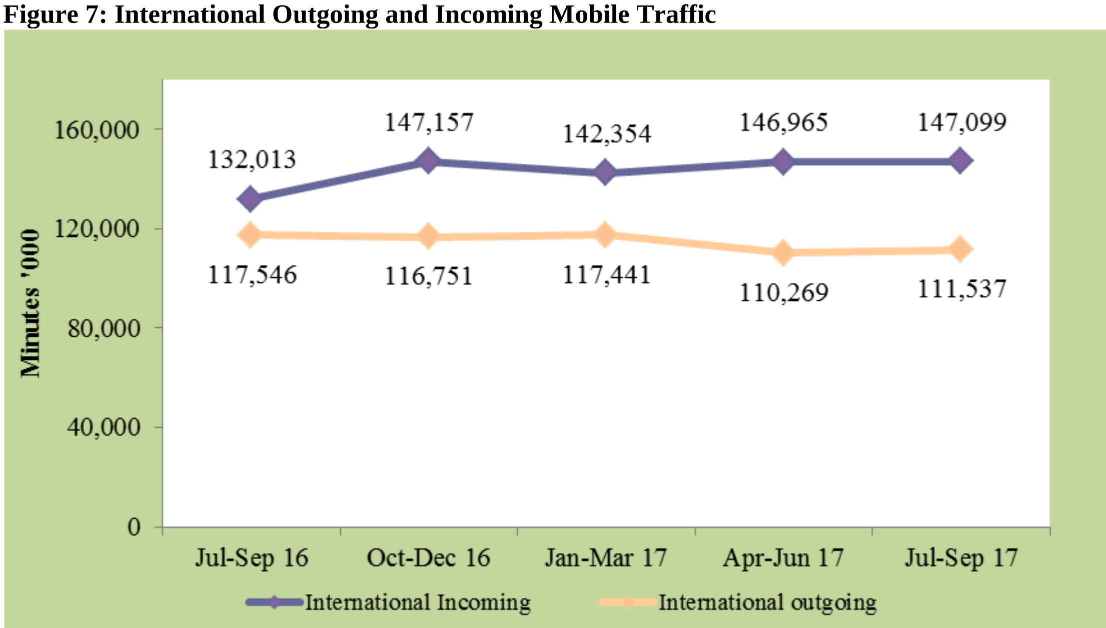
Table 8 : International Mobile Traffic

Traffic	*Region*	*Jul - Sep 17*	*Apr - Jun 17*	*Quarterly Variation (%)*	*Jul - Sep 16*	*Apr –Jun 16*	*Quarterly Variation (%)*
International Incoming Mobile Voice Minutes	*EAC*	46,873,708	45,366,016	3.3	48,244,222	91,275,596	-47.1
	Others	100,225,091	101,598,592	-1.4	83,768,899	186,128,088	-55.0
	Total	**147,098,799**	**146,964,608**	0.1	**132,013,121**	**277,403,684**	-52.4
International Outgoing Mobile Voice Minutes	*EAC*	50,896,946	45,527,141	11.8	46,352,963	41,324,570	12.2
	Others	60,604,538	64,742,154	-6.4	71,192,968	77,800,378	-8.5
	Total	**111,501,484**	**110,269,295**	1.1	**117,545,931**	**119,124,948**	-1.3
International Incoming Mobile SMS		10,053,817	8,210,360	22.5	9,629,508	9,840,723	-2.1
International Outgoing Mobile SMS		9,578,075	9,461,337	1.2	10,798,729	6,637,298	62.7

Source: CA, Operators' Returns.

The trend in international mobile traffic is illustrated in figure 7.

Figure 7: International Outgoing and Incoming Mobile Traffic



Source: CA, Operators' Returns.

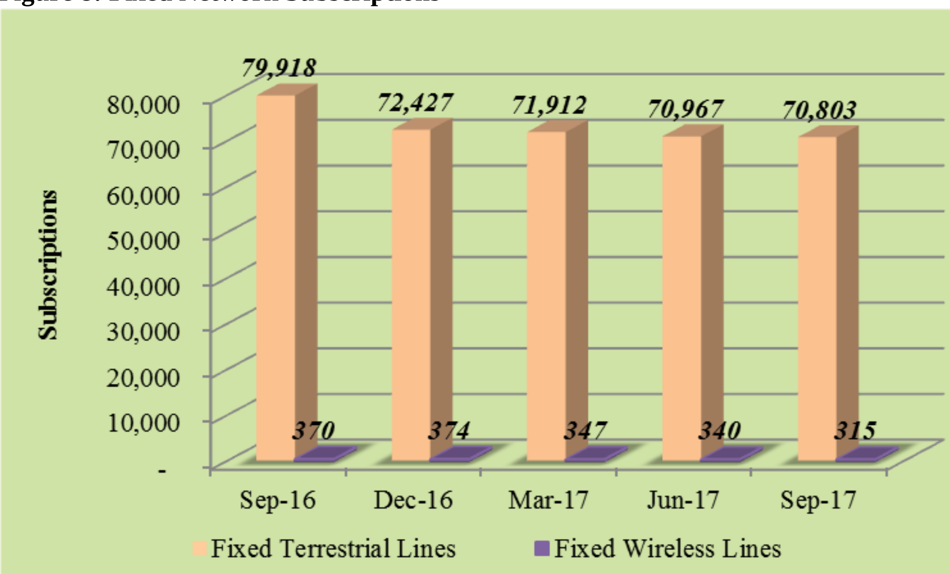
2  FIXED TELEPHONE SERVICE

2.1 Fixed Network Subscriptions

During the period under review, the total number of fixed network subscriptions stood at 71,118 down from 71,307 recorded in the preceding quarter. Fixed terrestial and fixed wireless connections were recorded at 70,803 and 315 respectively.

The trend in fixed network subscriptions is illustrated in Figure 8.

Figure 8: Fixed Network Subscriptions



Source: CA, Operators' Returns.

2.2 Fixed Network Traffic

The volume of local fixed network traffic dropped by 11.3 per cent during the quarter under review to record 603,200 minutes from 680,082 minutes reported during the previous period. Fixed line on-net traffic registered 303,504 minutes during the quarter down from 332,248 minutes posted last quarter. Fixed to fixed wireless traffic recorded the same trend with the voice traffic declining by 8.7 per cent to post 347,834 minutes. The downward trend in local fixed traffic is partly attributed to declining number of fixed network connections.

Table 9: Local Fixed Network Traffic in Minutes

Local Fixed Network traffic	*Jul-Sep 17*	*Apr-Jun 17*	*Quarterly Variation (%)*	*Jul-Sep 16*	*Apr-Jun 16*	*Quarterly Variation (%)*
Fixed-fixed	303,504	332,248	-8.7	374,325	359,516	4.1
Fixed wireless-fixed wireless	299,696	347,834	-13.8	322,997	218,934	47.5
Total Local Fixed network traffic	**603,200**	**680,082**	-11.3	**697,322**	**578,450**	20.6

Source: CA, Operators' Returns.

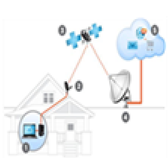
International incoming fixed voice network traffic declined by 10.3 per cent to post 2.1 million minutes during the quarter under review from 2.4 million minutes reported in the previous quarter. Similarly, the volume of international outgoing fixed traffic recorded a downward trend to post 1.4 million minutes from 1.9 million minutes registered in the preceding quarter.

The volume of international outgoing fixed network VoIP traffic decreased to 668,886 minutes during the period under review from 741,622 minutes reported during the previous period.

Table 10: International Fixed Voice Traffic

International Fixed Network traffic	*Jul-Sep 17*	*Apr-Jun 17*	*Quarterly Variation (%)*	*Jul-Sep 16*	*Apr-Jun 16*	*Quarterly Variation (%)*
International Incoming Fixed Network Voice traffic	2,172,315	2,422,371	-10.3	3,328,356	1,590,287	109.3
International Outgoing Fixed Network Voice traffic	1,452,130	1,961,621	-26.0	2,345,458	2,393,906	-2.0
International Outgoing Fixed Network VoIP traffic	668,886	741,622	-9.8	916,620	1,481,345	-38.1

Source: CA, Operators' Returns.



3 DATA/INTERNET SERVICES

3.1 Data/Internet Service

The demand and uptake of data/Internet services has maintained an upward trajectory quarter on quarter as witnessed during the period under review. The number of data/Internet subscriptions increased by 4.3 per cent to stand at 30.8 million from 29.6 million subscriptions posted during the last quarter. Subsequently the estimated number of data/Internet users grew by 12.5 percent to stand at 51.1 million subscriptions thus translating to an Internet penetration of 112.7 percent during the quarter under review.

Mobile data subscriptions contributed 99 per cent of the total data/Internet subscriptions as has been the norm. The number of mobile data/Internet subscriptions grew by 4.1 per cent during the quarter under review to reach 30.6 million from 29.4 million subscriptions recorded during the previous quarter.

The total number of terrestrial wireless data subscriptions recorded a remarkable growth of 35.0 per cent during the period under review to register 63,749 subscriptions from 47,231 subscriptions recorded in the previous quarter. The growth is attributed to the expansion of services to more towns across the country. Similarly, satellite subscriptions grew by 2.7 per cent to stand at 712 subscriptions from 693 subscriptions registered in the preceding quarter.

Fixed DSL subscriptions declined by 22.4 per cent to stand at 2,106 from 2,715 recorded in the previous quarter.

The number of fibre optic subscriptions (fibre-to-the-home and fibre-to-the-business) recorded a significant growth of 65.5 per cent to stand at 90,534 during the period from 54,700 recorded during the previous period. Conversely, fixed cable modem subscriptions registered a nominal decline of 0.4 per cent to post 99,564 down from 99,971 subscriptions recorded in the previous quarter.

The number of data/Internet subscriptions and users is as indicated in Table 11.

Table 11: Internet Subscriptions and Internet Users

Internet/Data Subscriptions	*Jul-Sep 17*	*Apr-Jun 17*	*Quarterly Variation (%)*	*Jul-Sep 16*	*Apr-Jun 16*	*Quarterly Variation (%)*
Total Internet Subscriptions	**30,891,132**	**29,624,474**	**4.3**	**25,672,474**	**26,880,471**	**-4.5**
Mobile Data Subscriptions	30,628,340	29,419,164	4.1	25,536,400	26,758,789	-4.6
Terrestrial Wireless Data Subscriptions	63,749	47,231	35.0	15,835	13,449	17.7
Satellite Data Subscriptions	712	693	2.7	598	280	113.6
Fixed DSL Data Subscriptions	2,106	2,715	-22.4	2,583	3,063	-15.7
Fixed Fibre Optic Data Subscriptions	90,534	54,700	65.5	33,269	27,571	20.7
Fixed Cable Modem Subscriptions	99,564	99,971	-0.4	83,789	77,319	8.4
Other Fixed Data Subscriptions	6,127	5,022	22.0	-	-	-
Estimated Internet Users[2]	**51,170,130**	**45,485,414**	**12.5**	**37,718,650**	**37,716,579**	**0.0**

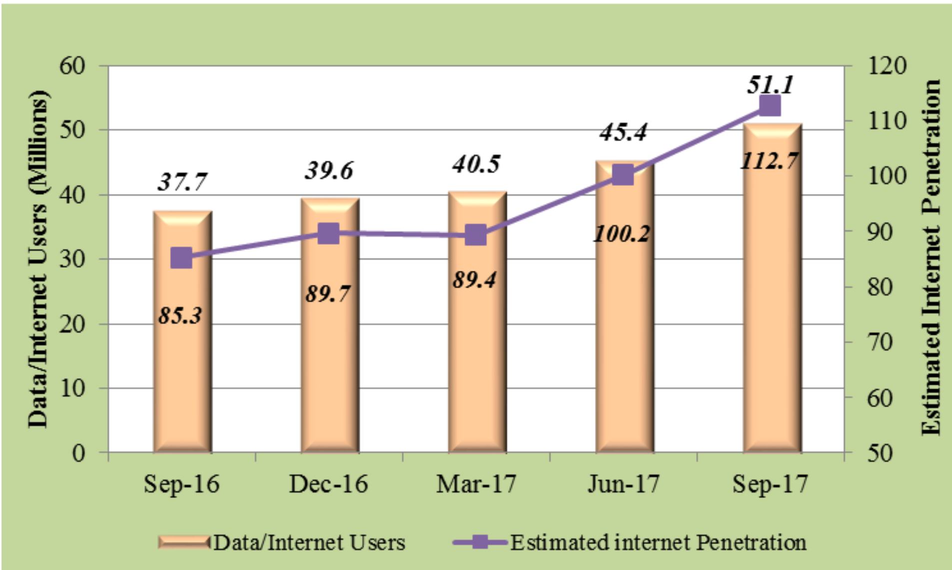
Source: CA, Operators' Returns.

[2] Total no. of Estimated 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 of the ITU

The estimated Internet penetration level stood at 112.7 per cent up from 100.2 per cent recorded in the previous quarter.

The trends in Internet/data subscriptions and penetration level are as demonstrated in Figure 9.

Figure 9: Estimated Number of Internet Users and Internet Users

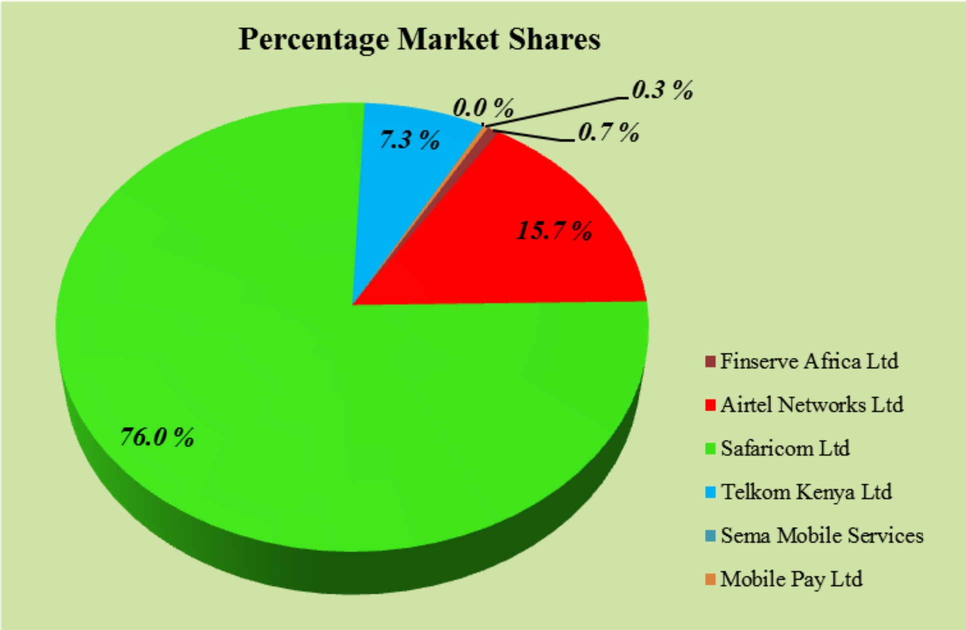


Source: CA, Operators' Returns.

During the quarter under review, the market share for Safaricom Kenya Limited in mobile data/Internet subscriptions stood at 76.0 per cent. Airtel Networks Limited recorded a market share of 15.7 per cent while Telkom Kenya Limited posted a market share of 7.3 per cent. Finserve Africa Limited and Mobile pay Limited market share stood at 0.7 per cent and 0.3 per cent respectively. The market share for Sema Mobile Services remained unchanged at 0.0 per cent.

The market shares for mobile data/Internet market by operator are shown in Figure 10.

Figure 10: Mobile data/Internet Subscriptions



Source: CA, Operators' Returns.

In terms of market share for fixed/wireless data/Internet subscriptions Wananchi Group Limited registered the highest market share at 41.0 per cent. Safaricom Limited stood second with 15.2 per cent market share while Jamii Telecommunications Limited came in third with 13.3 per cent share. Mobile Telephone Networks Business Kenya Limited (MTN) recorded the least market share at 0.2 per cent. The other fixed/terrestrial wireless service providers accounted for the remaining 0.6 per cent market share of the subscriptions.

The number of subscriptions and market shares for fixed/wireless Internet services is as indicated in table 12.

Table 12: Fixed/Wireless Internet Subscriptions by service provider

Name of service provider	***Jul-Sep 17***	***Market share (%)***
Wananchi Group (Kenya) Limited	107,640	41.0
Safaricom Limited	40,015	15.2
Jamii Telecommunications Limited	34,975	13.3
Mawingu Networks Limited	29,905	11.4
Argon Telecom Services Limited	20,553	7.8
Access Kenya Group	15,004	5.7
Liquid Telecommunications Kenya Limited	7,690	2.9
Telkom Kenya Limited	3,856	1.5
Iway Africa Kenya Limited	997	0.4
Mobile Telephone Networks Business Kenya Limited	583	0.2
Other fixed/Terrestrial wireless service providers	1,574	0.6
Total Subscriptions	**262,792**	**100.0**

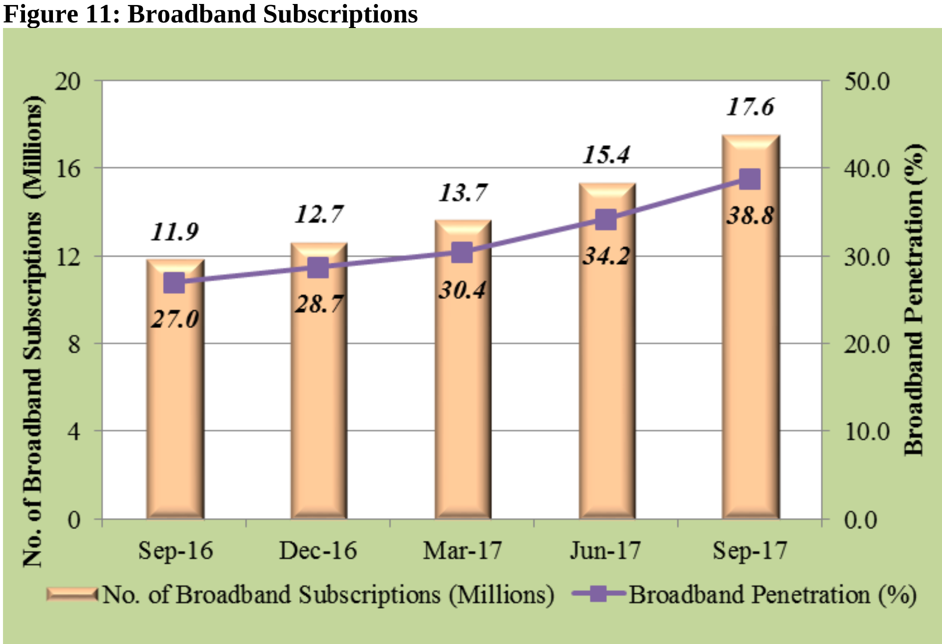
Source: CA, Operators' Returns.

3.2 Broadband Services

3.2.1 Data / Internet broadband subscriptions

The number of broadband subscriptions registered a growth of 14.3 per cent to stand at 17.6 million from 15.4 million posted in the preceding quarter. Consequently, broadband penetration level rose to 38.8 per cent during the quarter from 34.2 per cent recorded in the previous quarter.

Figure 11: Broadband Subscriptions



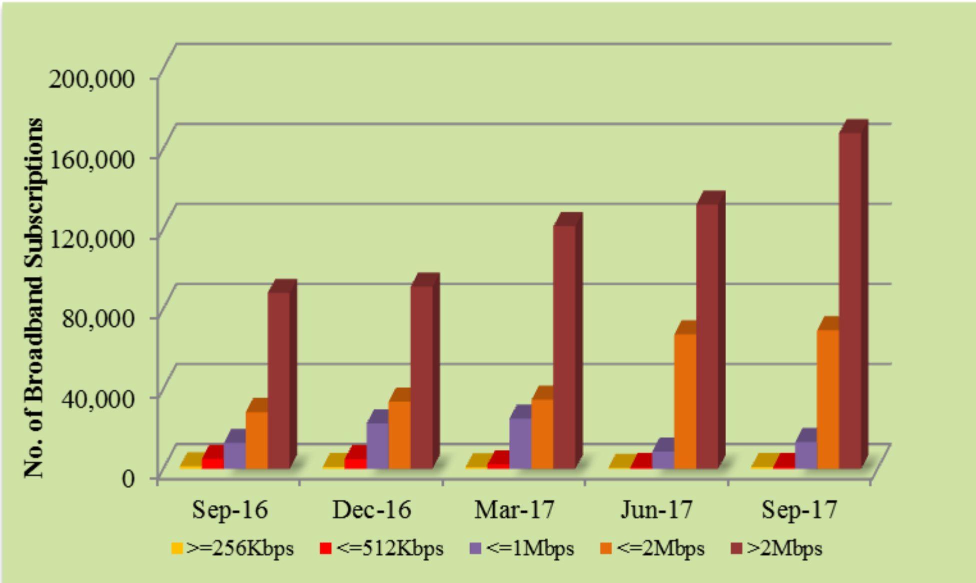
Source: CA, Operators' Returns.

3.2.2 Fixed Broadband subscriptions by Speed

As has been the trend, fixed broadband speeds greater than 2Mbps recorded the highest number of subscriptions whereas broadband speeds with greater than or equal to 256Kbps recorded the least number of subscriptions during the period under review.

The number of broadband subscriptions by speeds is illustrated in Figure 12.

Figure 12: Fixed Broadband Subscriptions by Speed



Source: CA, Operators' Returns.

3.3 International Bandwidth

The total international bandwidth available in the country (Lit/equip capacity) grew by 0.1 per cent to post 2,909.512 Gbps during the quarter under review from 2,906.873 Gbps reported last quarter.

Satellite Internet bandwidth Capacity stood at 3.112 Gbps up from 0.473Gbps posted in the previous quarter representing a five-fold increase during the period.

The trend on international available bandwidth is as shown in table 13.

Table 13: International Internet Available Bandwidth (Gbps)

International Connectivity Bandwidth	*Jul-Sep 17*	*Apr-Jun 17*	*Quarterly Variation (%)*	*Jul-Sep 16*	*Apr-Jun 16*	*Quarterly Variation (%)*
SEACOM	2,020.0	2,020.0	0.0	1,250.0	950.0	31.6
TEAMS	702.0	702.0	0.0	700.0	702.0	-0.3
EASSY	101.4	101.4	0.0	39.1	39.1	0.0
Lion 2	83.0	83.0	0.0	39.2	39.2	0.0
Satellite Internet Bandwidth	3.112	0.473	557.9	0.473	0.475	-0.4
Total International Internet Bandwidth (Gbps)	**2,909.512**	**2,906.873**	**0.1**	**2,028.745**	**1,730.745**	**17.2**

Source: CA, Operators' Returns.

The total used international Internet bandwidth registered a growth of 0.5 per cent to record 887.187 Gbps during the quarter under review. The used undersea cable bandwidth rose to 884.50 Gbps from 882.3 Gbps recorded in the previous quarter.

The total used satellite bandwidth increased by eight-fold during the quarter under review to post 2.687Gbps from 0.273 Gbps recorded last quarter.

The trend in international used bandwidth is illustrated in Table 14.

Table 14: International Internet Used Bandwidth (Gbps)

International Leased (Used) Bandwidth	*Jul-Sep 17*	*Apr-Jun 17*	*Quarterly Variation (%)*	*Jul-Sep 16*	*Apr-Jun 16*	*Quarterly Variation (%)*
International Undersea Internet Connectivity Bandwidth (Gbps)	884.50	882.30	0.2	839.30	877.30	-4.3
International Satellite Internet Connectivity Bandwidth	2.687	0.273	884.2	0.475	0.475	0.0
Total International Internet Connectivity Bandwidth (Gbps)	**887.187**	**882.573**	**0.5**	**839.775**	**877.775**	**-4.3**

Source: CA, Operators' Returns.

3.4 Registered Domain Names

As shown in Table 15, the number of registered *Dot KE* (.KE) domain names as at 30th September 2017 stood at 69,567.

Table 15: Number of Domain Names

Sub-Domain	**Use**	***Jul-Sep 17***		***Apr-Jun 17***	
		No. of Domains	**Percentage (%)**	**No. of Domains**	**Percentage (%)**
CO.KE	Companies	64,575	92.82	61,969	92.87
GO.KE	Government Entities	400	0.57	397	0.59
OR.KE	Non Profit Making Organizations	1,994	2.87	1,947	2.92
AC.KE	Institutions of Higher Education	738	1.06	738	1.12
SC.KE	Lower and Middle Level Institutions	991	1.43	980	1.47
NE.KE	Personal Websites and E-mail	324	0.47	189	0.28
ME.KE	Personal Websites and E-mail	327	0.47	309	0.46
MOBI.KE	Mobile Content	52	0.07	48	0.07
INFO.KE	Information	166	0.24	147	0.22
Total		69,567	100	66,724	100

Source: Kenya Network Information Centre (KeNIC)

4 BROADCASTING

4.1 Digital Television

At the end of the quarter under review, the number of free-to-air TV channels on the digital terrestrial platform stood at 62 down from 66 channels reported in the previous quarter. The decrease was occasioned by withdrawal of some content providers from the platform. On the other hand, the number of pay TV service providers on the Digital Terrestrial Television (DTT) platform remained unchanged (GoTV and Star Times).

4.2 Digital Terrestrial Television Sites Rollout

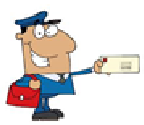
The digital broadcasting signal covered 83.6 per cent of the Kenyan population as at the end of the period under review up from 78.5 per cent reported as at 30th June 2017. This is attributed to signal rollout by ADNL in Kilifi, Tana River, Taita and SIGNET in Marsabit and Maralal sites.

4.3 Set top Boxes

The cumulative number of digital Set Top Boxes purchased as at 30th September 2017 stood at 969,092 for Free-to-Air set top boxes (FTA STBs) and 4,451,278 for PAY TV.

4.4 FM Radio Stations

The number of FM radio stations in the country remains unchanged at 178 stations as at the end of the period under review.



5 POSTAL AND COURIER SERVICES

5.1 Postal and Courier Traffic

During the quarter under review, 16.0 million letters were posted locally up from 15.7 million letters posted during the previous quarter representing a growth of 1.9 per cent over the quarter. Similarly, the courier items sent rose by 16.3 percent to reach 1.7 million up from 1.4 million items recorded during the preceding quarter.

The volume of letters received from other countries increased by 0.3 per cent to register 1.078 million from 1.075 million letters recorded during the previous quarter. In a similar trend, international outgoing letters registered marginal growth of 0.9 per cent to stand at 1.08 million from 1.07 million letters recorded in the previous quarter.

The postal and courier traffic is shown in Table 16.

Table 16: Postal and Courier Traffic

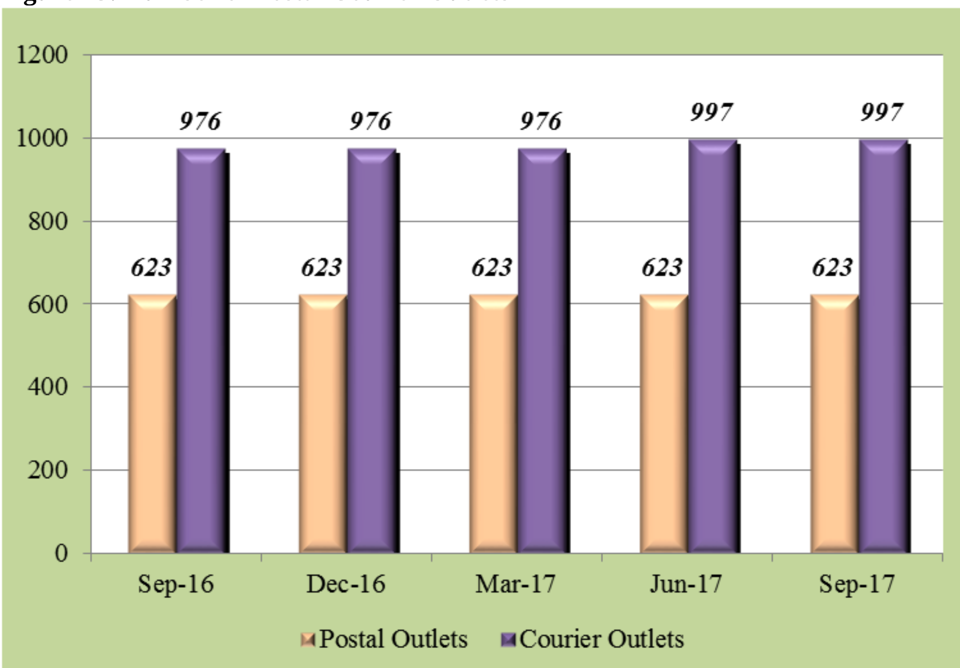
Post and Courier Traffic	*Jul-Sep 17*	*Apr-Jun 17*	*Quarterly Variation (%)*	*Jul-Sep 16*	*Apr-Jun 16*	*Quarterly Variation (%)*
Number of Letters (Up to 350 gms) Posted Locally	16,027,218	15,722,104	1.9	17,211,415	16,615,196	3.6
Total Courier Items Sent Locally	1,712,189	1,472,490	16.3	1,324,786	1,443,704	-8.2
International Incoming Letters (Up to 350 gms)	1,078,968	1,075,611	0.3	2,112,537	2,075,046	1.8
International Outgoing Letters (Up to 350 gms)	1,083,343	1,074,105	0.9	2,014,753	1,371,214	46.9

Source: CA, Operators' Returns.

5.2 Number of Postal and Courier Outlets

The number of postal outlets and private courier outlet remained at 623 and 997 respectively during the quarter under review as illustrated in Figure 14.

Figure 13: Number of Postal Courier Outlets



Source: CA, Operators' Returns.

6 TARIFFS, PROMOTIONS AND SPECIAL OFFERS

During the quarter under review, the Authority received a total of 20 applications for tariffs, promotions and special offers, which were reviewed and approved. When compared to the previous period, there was a 16.7 per cent drop in the total number of applications received.

Tables 17 and 18 show the detailed distribution of the applications.

Table 17: Tariffs

Service provider			***Jul- Sep17***					
	Voice	**SMS**	**Data**	**Airtime**	**Bundle**	**Mobile Money**	**Others**	**Total**
Safaricom	-	-	2	-	-	-	2	4
Airtel	-	-	2	-	1	-	1	4
Telkom	-	-	-	-	-	-	-	0
Wananchi Group	-	-	4	-	1	-	3	8

Source: CA

Table 18: Promotions and Special Offers

Service provider			*Jul- Sep17*					
	Voice	**SMS**	**Data**	**Bundle**	**Airtime**	**Lucky Draw**	**Others**	**Total**
Safaricom	1	-	4	-	2	-	3	10
Airtel	-	-	-	-	-	-	-	-
Telkom	-	-	-	1	-	-	1	2
Wananchi Group	1	-	4	1	2	-	4	12

Source: CA

7 CONCLUSION

The country's mobile market has displayed constant growth as observed at the end of the period July-September 2017. Mobile traffic as well as SMS traffic experienced notable growth during the quarter under review. The increase in mobile voice and SMS traffic is attributed to the electioneering period during which these services were used as campaign tools by various politicians to reach out to the people. Further, The Independent Electoral and Boundaries Commission also relied on the short messaging services to rely results from various polling stations during the August, 8th, 2017 election. A similar trend might be expected for the period October-December due to the October, 26th, 2017 repeat election. Mobile money transfer services exhibited an upward trend during the quarter under review when compared to the previous quarter despite the prolonged electioneering period which slowed down business activities in most sectors.

The Internet/data service sub-sector is mainly driven by mobile data/Internet services but there is also a growing demand for fixed data services especially fibre optic services, and cable modem Internet services which are offered under triple play services as witnessed during the quarter under review. In future, more entertainment services such as Netflix will be delivered over broadband resulting to high demand for broadband-based services which will likely foster the growth of fibre optic services and subsequent increase in demand and use of international bandwidth.

Further, the demand for and use of mobile broadband services is expected to increase significantly in the coming quarters following the roll out of 4G mobile services in the country.

The postal and courier market segment witnessed an upward trend during the quarter under review. The volume of letters sent and received both locally and internationally as well as courier items sent locally grew during the quarter under review. This is attributed to the national examinations both KCPE and KCSE which are conducted around the same period hence families, relatives and friends sent their best wishes through success cards.

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Author: Communications Authority of Kenya (CA)