



**FOURTH QUARTER SECTOR STATISTICS REPORT FOR THE  
FINANCIAL YEAR 2014/2015  
(APRIL-JUNE 2015)**

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## LIST OF ABBREVIATIONS

ICTs	Information Communication Technologies
EASSy	Eastern Africa Submarine Cable Systems
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 Statistics Report for the period April to June 2015 (Q4 FY 2014/15) provides an overview of the sector performance and trends on the following service categories:

- Mobile telephony services
- Fixed telephony services
- Internet/Data services
- Registered Domains
- Postal and Courier services

During the fourth quarter of FY 2014/15, the mobile market segment continued to demonstrate strong growth with the period under review recording 36.1 million subscriptions up from 34.8 million subscriptions posted in the previous quarter representing an increase of 3.6 percent. Mobile penetration was recorded at 83.9 per cent compared to 85.5 per cent in the previous quarter. This 1.6 per cent drop was as a result of the revision of population statistics from 40.7million to 43.0million in the Economic Survey 2015.

The number of mobile money transfer subscriptions rose by 3.5 per cent to stand at 27.7 million during the quarter under review up from 26.7 million subscriptions recorded in the previous quarter. When compared to the same period of the previous year, there was a 7.9 per cent growth. Similarly, the number of agents rose to 129,357 up from 126,622 active agents recorded during the previous quarter.

The number of mobile in-ports experienced a 44.6 percent increase to stand at 894 up from 618 registered in the previous quarter. An annual comparison of the in-ports between FY 2014/15 and FY 2013/14 show a 133.1 per cent increase to 3,236 up from 1,388 respectively.

The local mobile voice traffic volume increased by 4.9 per cent during the quarter to reach 9.2 billion minutes up from 8.7 billion minutes registered during the last quarter. The minutes of Use (MoU) per subscriber per month grew from 84.1 minutes recorded in the previous quarter to 84.9 minutes in the fourth quarter. Additionally, there was a considerable growth of 11.6 percent in local mobile voice traffic from 30.5 billion posted in the FY 2014/15 to 34 billion minutes posted in the FY 2013/14.

During the quarter under review, local SMS traffic stood at 6.57 billion up from 6.55 billion messages reported in the previous quarter. Similarly, the volume of SMS sent throughout the year grew significantly to 27.4 billion up from 24.4 billion messages sent during the previous year. This could be attributed to the lowering of SMS tariff and provision of lucrative SMS bundles by a majority of mobile operators.

International incoming voice traffic declined by 10.9 per cent to stand at 160.4 million down from last quarter's 180.1 million minutes. Traffic within the EAC region contributed 29.6 per cent of the total traffic at 47.5 million minutes whereas non-EAC countries contributed 112.9 million minutes. The total incoming traffic for the year 2014/15 was recorded at 629.5 million up from 591.1 million minutes posted during the previous year.

International outgoing traffic dropped by 12.1 per cent to 117.1 million minutes during the period under review. Traffic within the EAC region stood at 3.4 million minutes while that outside EAC was registered at 82.5 million minutes. The total outgoing traffic for the year was posted at 471.4 million up from 463.7 million minutes registered last year marking a growth of 1.2 per cent.

The total number of fixed lines was recorded at 87,774 down from 202,961 lines reported in the last quarter. The huge decline is as a result of termination of the fixed wireless service by Telkom Kenya (Orange) earlier in the quarter. Thus, the number of fixed lines was equivalent to that of fixed terrestrial lines. Orange moved all the fixed wireless (CDMA) subscribers to GSM post-paid service. This represents a 56.3 per cent drop when compared to that registered during the previous financial year.

The total local fixed voice traffic maintained a downward trend with the quarter under review registering a decline of 16.1 per cent to post 18.7 million minutes. The traffic recorded for the whole year dropped by 33.3 per cent when compared to that reported in the last financial year. Fixed network traffic is expected to drop further in the coming quarters following the shutdown of fixed wireless network by Telkom Kenya.

In the Data/Internet market segment, subscriptions rose by 5.9 percent to reach 19.9 million during the quarter up from 18.8 million subscriptions recorded in the last quarter. This represented a 42.0 per cent increase when compared to the 14.0 million subscriptions reported during the previous year. Consequently, the estimated number of Internet users grew from 29.1 million posted last quarter to 29.6 million users during the period under review.

The international Internet bandwidth available in the country (Equipped/Lit) increased to 1,663,561 Mbps during the quarter up from 1,668,546 Mbps recorded during the last quarter. This bandwidth increased considerably by 96.9 percent during the 2014/15 financial year compared to the previous year. This growth was greatly contributed by TEAMS, which lit additional capacity to meet growing demand for bandwidth. Similarly, used capacity grew to 788,484 Mbps up from 783,761 Mbps recorded during the last quarter representing a 0.6 percent. The used capacity represented 47.3 percent of the total available bandwidth in the country.

In the postal and courier Sub-sector, the total number of local letters sent declined by 6.3 percent from 16.7 million letters posted in the previous quarter to 15.6 million letters during the quarter under review. Contrastingly, the number of letters sent locally during the 2014-15 Financial Year increased to 59.4 million compared to 59.1 million in the previous year.

The number of letters received from other the countries dropped by 9.5 percent to stand at 2.2 million during the quarter under review. Similarly, the volume of letters received during the FY 2014/15 decreased by 1.6 percent to 9.5 million letters up from 9.7 million in the previous year.

Outgoing letters dropped by 41.1 percent during the quarter to reach 1.3 million. However, annual figures show 40.4 per cent increase to 5.2million letters compared to 3.7 million letters in the previous year.





# 1 CELLULAR MOBILE SERVICES

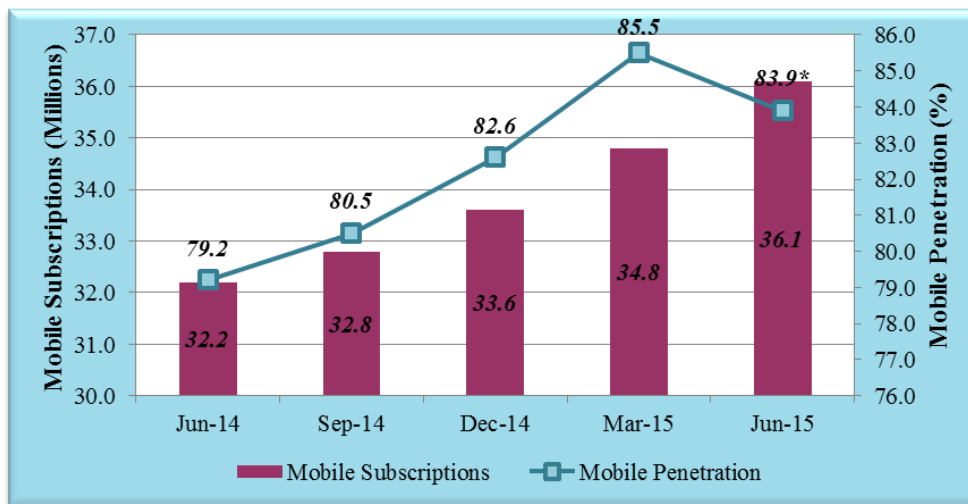
## 1.1 Mobile Subscriptions

The country's mobile market has continued to demonstrate strong growth with the period under review recording 36.1 million mobile subscriptions marking a 3.6 per cent increase from the previous period. This number has also grown by 3.9 million subscriptions when compared to the same period of the previous year that posted 32.2 million mobile subscriptions. This could be attributed to the increased demand for mobile data services, m-commerce, m-banking services and other emerging mobile services.

During the quarter under review mobile penetration was recorded at 83.9 per cent, representing a decline from the previous quarter that recorded penetration levels of 85.5 per cent. This came as a result of revision of the base population figure used to compute for penetration which increased from 40.7 million to 43.0 million in line with the Economic Survey 2015. Nevertheless, mobile penetration grew by 4.7 percentage points when compared to the same period of the previous year.

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

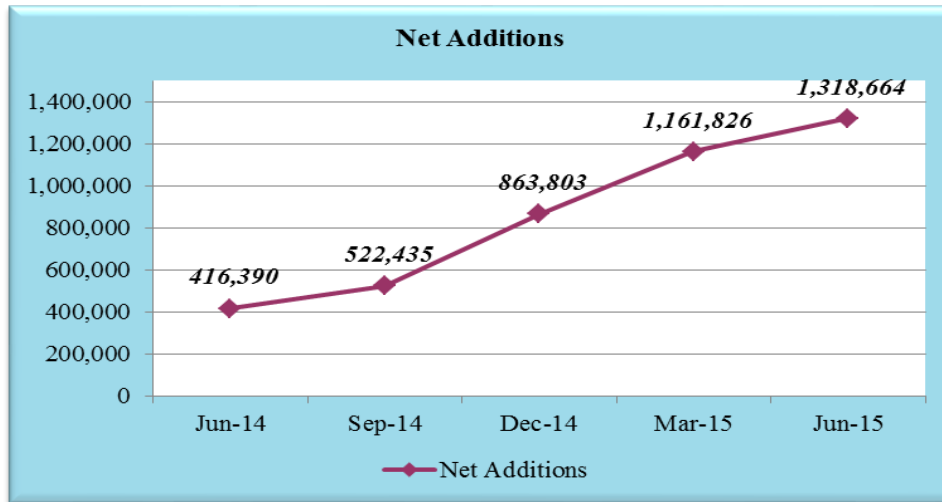
**Figure 1: Mobile Subscriptions**



*Source: CA, Operators' Returns, \*Population figure revised from 40.7 million to 43.0 million as per the Economic Survey 2015*

As shown in Figure 2 below, there were over 1.3 million new mobile subscriptions during the quarter under review marking a 13.5 per cent growth when compared to the previous quarter and a 200-fold increase when compared to the same quarter of the previous year.

**Figure 2: Net additions in Mobile Subscriptions**

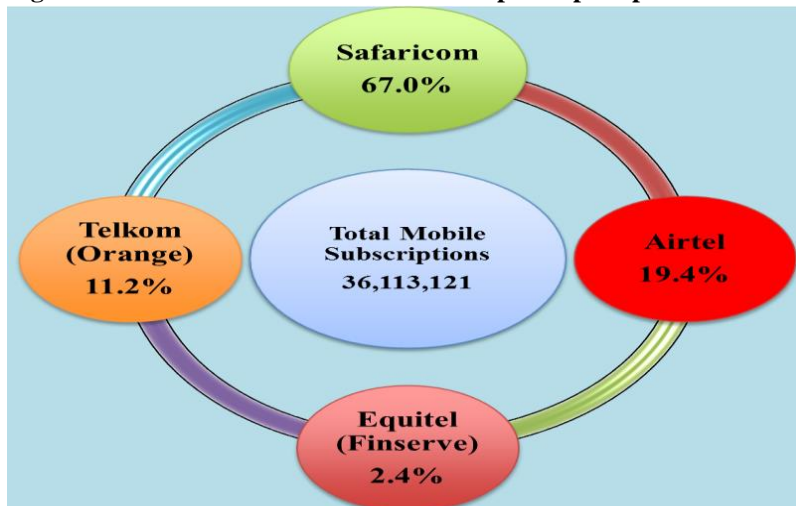


Source: CA, Operators' Returns

The acquisition of Essar Telecoms infrastructure and subscribers by Safaricom Limited and Bharti Airtel respectively were some of the notable developments during the financial year, which ended on 30 June 2015. During the quarter, Finserve a newly licensed MVNO launched its mobile services resulting into market changes with regard to number of players, subscriptions and shares. During the quarter under review, Safaricom Limited recorded a market share of 67.0 per cent which was a decline from last quarter's 67.1 per cent. Bharti Airtel also lost its market share by 0.8 percentage points to stand at 19.4 per cent. Orange Kenya and Equitel (Finserve Africa Limited) on the other hand gained market share by 0.4 and 0.5 percentage points to stand at 11.2 per cent and 2.4 per cent respectively.

The respective market shares for mobile subscriptions per operator are as shown in Figure 3.

**Figure 3: Market Share for Mobile Subscriptions per operator**



Source: CA, Operators' Returns,

During the quarter under review, Safaricom Limited gained 2.4 percent to record a total of 24.1 million subscriptions. The number of pre-paid subscriptions grew from 22.5 million posted last

quarter to 23.3 million during the period under review. Similarly, Post-paid subscriptions increased to stand at 805,651 subscriptions.

Airtel Network Limited lost the total subscriptions by 0.2 to stand at 6.8 million subscriptions with both pre-paid and post-paid subscriptions declining by 0.1 and 3.0 per cent respectively.

Finserve Africa Limited gained by 0.6 per cent to record 873,643 total subscriptions all of which are on pre-paid.

Orange Kenya's total subscriptions increased from 3.7 million posted last quarter to 4.0 million during the quarter under review. Its pre-paid subscriptions were recorded at 4.0 million while post-paid subscriptions stood at 11,264.

The number of pre-paid and post-paid subscriptions by operator is as indicated in Table 1.

**Table 1: Mobile Subscription per operator**

<i>Name of operator</i>	<i>Jun-15</i>			<i>Mar-15</i>			<i>Quarterly variation (%)</i>
	<i>Pre-paid</i>	<i>Post-paid</i>	<i>Total</i>	<i>Pre-paid</i>	<i>Post-paid</i>	<i>Total</i>	
<i>Safaricom Limited</i>	23,378,252	805,651	24,183,903	22,564,598	782,593	23,347,191	2.4
<i>Airtel Networks Limited Subscriptions</i>	6,855,695	146,769	7,002,464	6,864,316	151,286	7,015,602	-0.2
<i>Finserve Africa (Equitel)</i>	873,643	-	873,643	665,661	-	665,661	0.6
<i>Telkom Kenya(Orange)</i>	4,041,847	11,264	4,053,111	3,762,839	3,164	3,766,003	0.8
<b><i>Total</i></b>	<b>35,149,437</b>	<b>963,684</b>	<b>36,113,121</b>	<b>33,857,414</b>	<b>937,043</b>	<b>34,794,457</b>	<b>3.7</b>

Source: CA, Operators' Returns

## **1.2 Mobile Money Transfer**

The number of mobile money transfer subscriptions rose by 3.5 per cent to stand at 27.7 million during the quarter under review up from 26.7 million subscriptions in the previous quarter. When compared to the same period of the previous year, there was a 7.9 per cent growth.

The number of active mobile money transfer agents increased to 129,357 active agents during the quarter up from 126,622 in the previous quarter. Compared to the same quarter of the previous year, there were 110,882 active agents this represents a 16.7 per cent growth.

The number of active mobile money transfer subscriptions and active agents per operator is shown in Table 2.

**Table 2: Mobile Money Transfer Service**

Service Provider	Jun-15		Mar-15		Quarterly Variation (%)		Jun-14		Annual Variation (%)	
	Agents	Subscriptions	Agents	Subscriptions	Agents	Subscriptions	Agents	Subscriptions	Agents	Subscriptions
Safaricom	87,119	21,338,328	85,756	20,625,425	1.1	2.7	80,230	19,776,056	8.6	7.9
Airtel	9,857	3,119,812	10,179	3,122,519	-0.3	0.0	10,990	3,238,754	-10.3	-3.7
Orange	15,984	192,531	15,419	191,658	0.4	0.0	9,231	185,463	73.2	3.8
Finserve	-	873,643	-	665,661.00	-	31.2	-	-	-	-
Mobikash	14,801	1,714,170	13,672	1,685,046	0.9	0.1	7,765	1,263,665	90.6	35.7
Tangaza	1,596	503,556	1,596	503,556	0.0	0.0	1,596	503,556	0.0	0.0
Yu	-	-	-	-	-	-	1,070	2,147,139	-	-
<b>Total</b>	<b>129,357</b>	<b>27,742,040</b>	<b>126,622</b>	<b>26,793,865</b>	<b>2.2</b>	<b>3.5</b>	<b>110,882</b>	<b>27,114,633</b>	<b>16.7</b>	<b>2.3</b>

Source: CA, Operators' Returns

### 1.3 Mobile Number Portability

As shown in Table 3, the number of mobile in-ports increased by 44.6 percent to record 894 in-ports up from 618 in-ports reported last quarter. Similarly, the number of in-ports increased tremendously by 133.1 per cent during the year under review to register 3,236 in-ports.

**Table 3: Mobile Number Portability**

Period	Apr-Jun 15	Jan-Mar 15	Quarterly Variation (%)	FY 2014/15	FY 2013/14	Annual Variation (%)
Number of in-ports	894	618	44.6	3,236	1388	133.1

Source: CA, Operators' Returns

### 1.4 Mobile Traffic and Usage Pattern

#### 1.4.1 Voice Traffic

During the quarter under review, the total number of local outgoing mobile voice traffic grew by 4.9 per cent to post 9.2 billion minutes up from 8.7 billion minutes reported in the previous quarter. The total traffic recorded for the financial year 2014-15 increased by 11.6per cent to stand at 34.0 billion up from 30.4 billion minutes recorded in the previous year. The increase in local mobile traffic could be attributed to the numerous special offers and tariff promotions carried out by all mobile operators during the period. The licensing of new MVNOs has enhanced competition in the market hence compelling mobile operators to review certain tariffs downwards.

On net mobile voice traffic grew by 5.3 per cent to record 7.9 billion minutes up from 7.5billion minutes reported in the previous quarter. Annual traffic grew by 11.8 per cent to stand at 29.5 billion up from 26.4 billion minutes recorded in the previous quarter.

Similarly, off net local mobile voice traffic grew during the quarter under review to post 1.2 billion minutes up from 1.1 billion minutes posted during the previous quarter. The off net traffic recorded throughout the year stood at 4.3 billion up from 3.9 billion minutes reported during the previous year marking an 11.5 per cent increase.

Mobile to fixed local traffic grew by 11.0 per cent during the quarter under review to record 20.8 million minutes up from 18.7 million minutes recorded in the previous quarter. However, the annual traffic volume declined significantly by 20.1 per cent to stand at 80.9 million during the 2014-15 financial year down from 101.3 million minutes posted during the previous year.

The trend in local mobile voice traffic is as shown in Table 4.

**Table 4: Local Mobile Voice Traffic in Minutes**

<i>Mobile Traffic</i>	<i>Apr-Jun 15</i>	<i>Jan-Mar 15</i>	<i>Quarterly Variation (%)</i>	<i>FY 2014/15</i>	<i>FY 2013/14</i>	<i>Annual Variation (%)</i>
<b><i>By Traffic originating (outgoing traffic)</i></b>						
<i>Own Network –Own Network</i>	7,977,003,735	7,572,006,261	5.3	29,554,870,078	26,437,560,333	11.8
<i>Own Network to Other Mobile Networks</i>	1,206,833,769	1,185,331,522	1.8	4,370,097,507	3,918,815,789	11.5
<i>Mobile Network to Fixed Network</i>	20,818,561	18,759,354	11.0	80,925,071	101,324,670	-20.1
<b><i>Total Traffic Origination (Outgoing)</i></b>	<b>9,204,656,065</b>	<b>8,776,097,137</b>	<b>4.9</b>	<b>34,005,892,656</b>	<b>30,457,700,792</b>	<b>11.6</b>
<b><i>By Traffic terminating (incoming traffic)</i></b>						
<i>Own Network –Own Network</i>	7,977,003,735	7,572,006,261	5.3	29,554,870,078	26,437,560,333	11.8
<i>Other Mobile Networks to Own Network</i>	1,298,548,500	1,218,565,860	6.6	4,547,942,089	4,171,582,201	9.0
<i>Fixed Network to Mobile Network</i>	32,176,009	32,289,099	-0.4	120,454,585	97,886,892	23.1
<b><i>Total traffic termination (Incoming)</i></b>	<b>9,307,728,244</b>	<b>8,822,861,220</b>	<b>5.5</b>	<b>34,223,266,752</b>	<b>30,707,029,426</b>	<b>11.5</b>

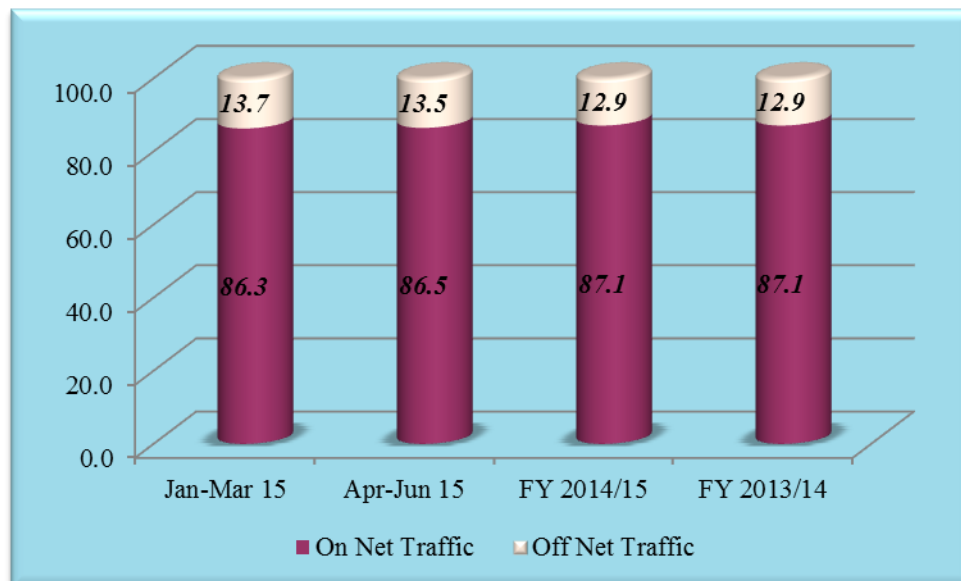
*Source: CA, Operators' Returns*

The total traffic terminated on local mobile networks increased by 5.5 per cent to stand at 9.3 billion minutes up from 8.8 billion minutes recorded during the last quarter. The total terminating local mobile voice traffic registered for the whole year increased significantly by 11.5 per cent to stand at 34.2 billion up from the previous year's 30.7 billion minutes.

On-net mobile voice traffic has maintained a significant proportion of the total mobile voice traffic both during the quarter under review and the 2014-15 financial year. However, during the quarter under review the proportion of on-net traffic declined by 0.2 percentage points to stand at 86.3 per cent whereas off-net traffic gained by a similar margin to stand at 13.7 per cent. Notably, the proportion of on-net and off-net traffic for the year under review remained the same as that of the previous year.

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*

### 1.4.2 Voice Traffic by Operator

The quarter under review exhibited mixed trends in terms of local mobile voice traffic per operator. Safaricom Limited lost its market share by 2.9 percentage points to register 68.8 percent market share down from 71.7 percent recorded in the previous quarter. However, its total traffic volume increased to 6.31 billion up from 6.28 billion minutes registered during the previous quarter. In terms of the mobile voice traffic recorded for the entire year, Safaricom Limited lost its market share by 3.8 percentage points to stand at 74.1 per cent down from 78.5 per cent market share recorded in the previous year.

Bharti Airtel Kenya Limited experienced an increase in total local mobile voice traffic that stood at 1.85 billion up from 1.83 billion minutes reported during the previous period. However, its market share dropped by 0.8 percentage points to stand at 20.2 per cent during the quarter under review. On the contrary, its market share for the whole financial year grew significantly to stand at 16.4 per cent up from 10.7 per cent market shares reported in the previous year. This growth could be attributed to Airtel's acquisition of Essar subscriptions late last year.

Telkom Kenya Limited (Orange) gained in total mobile voice traffic to register 992.6 million minutes during the period up from 617 million minutes registered in the last quarter. The on-net and off-net traffic stood at 770.8 million and 221.8 million minutes respectively. Its market share grew from 7.1 per cent reported in the previous quarter to 10.8 per cent during the period under review. This growth could have been as a result of termination of CDMA services by Orange and the subsequent migration of CDMA subscribers to GSM network. The market share for the entire year stood at 7.1 per cent up from 3.0 per cent recorded in the previous year.

Equitel (Finserve Africa Limited) recorded on-net traffic of 2.8 million minutes during the quarter up from 2.3 million minutes posted during the previous period. Traffic to other mobile networks stood at 19.7 million during the quarter. Equitel’s market share remained unchanged at 0.2 per cent during the period under review. The traffic volumes for each of the mobile operators and the respective market shares are shown in Table 5.

**Table 5: Local Mobile Voice Traffic by Operator**

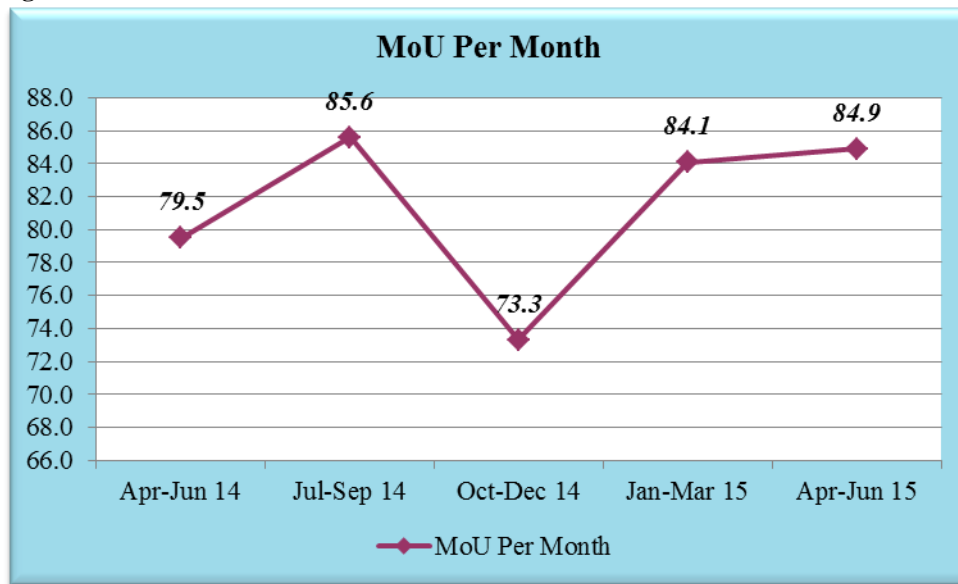
<i>Period</i>	<i>Name of Operator/Indicator</i>	<i>Safaricom Limited</i>	<i>Airtel Networks Kenya Limited</i>	<i>Yu (Essar Telekom Ltd)</i>	<i>Telkom Kenya Limited (Orange)</i>	<i>Equitel (Finserve)</i>
<i>Apr-Jun 15</i>	<i>On-net</i>	6,025,185,391	1,178,167,960	-	770,810,208	2,840,176
	<i>Off-net</i>	289,155,724	676,085,401	-	221,847,374	19,745,270
	<b><i>Total</i></b>	<b>6,314,341,115</b>	<b>1,854,253,361</b>	<b>-</b>	<b>992,657,582</b>	<b>22,585,446</b>
	<i>Market share (%)</i>	68.8	20.2	-	10.8	0.2
<i>Jan-Mar 15</i>	<i>On-net</i>	5,955,953,970	1,189,488,420	-	424,242,926	2,320,945
	<i>Off-net</i>	327,046,613	647,717,701	-	193,332,257	17,234,951
	<b><i>Total</i></b>	<b>6,283,000,583</b>	<b>1,837,206,121</b>	<b>-</b>	<b>617,575,183</b>	<b>19,555,896</b>
	<i>Market share (%)</i>	71.7	21.0	-	7.1	0.2
<i>FY 2014/15</i>	<i>On-net</i>	23,645,765,679	3,196,254,248	391,737,268	1,742,125,902	5,161,121
	<i>Off-net</i>	1,242,167,380	2,259,581,863	158,578,063	621,324,789	36,980,221
	<b><i>Total</i></b>	<b>24,887,933,059</b>	<b>5,455,836,111</b>	<b>550,315,331</b>	<b>2,363,450,691</b>	<b>42,141,342</b>
	<i>Market Share (%)</i>	74.7	16.4	1.7	7.1	0.1
<i>FY 2013/14</i>	<i>On-net</i>	22,696,011,846	1,422,035,191	1,756,839,216	562,674,080	
	<i>Off-net</i>	1,218,972,044	1,825,088,556	619,785,220	356,294,639	
	<b><i>Total</i></b>	<b>23,878,957,134</b>	<b>3,064,639,931</b>	<b>2,376,174,563</b>	<b>918,968,719</b>	
	<i>Market Share (%)</i>	78.5	10.7	7.8	3.0	

*Source: CA, Operators’ Returns,*

### **1.4.3 Minutes of Use**

As shown in Figure 5 below, the Minutes of Use (MoU) per month per subscriber increased to 84.9 minutes during the quarter under review up from 84.1 minutes registered in the previous quarter. This represented a 5.4 percent growth compared to the same period of the previous year.

**Figure 5: Minutes of Use**



*Source: CA, Operators' Returns*

#### **1.4.4 Short Messaging Service**

The total number of SMS sent has maintained an upward trend regardless of the stiff competition from OTTs. During the quarter under review, local SMS traffic stood at 6.57 billion up from 6.55 billion messages reported in the previous quarter. Similarly, the volume of SMS sent throughout the year grew significantly to 27.4 billion up from 24.4 billion messages sent during the previous year. This could be attributed to the lowering of SMS tariff and provision of lucrative SMS bundles by a majority of mobile operators.

SMS traffic by Safaricom Limited declined to 5.9 billion from 6.0 billion messages sent during the last quarter. Its SMS market share declined by 1.3 percentage points to stand at 90.3 percent during the quarter under review. Safaricom's annual SMS traffic gained by 8.3 percent to post 25.4 billion up from 23.5 billion messages sent during the previous year.

Bharti Airtel's SMS traffic volume gained 1.1 percentage points on market share to stand at 8.0 percent with 527 million SMS during the quarter up from 452million messages registered during the last quarter. The total messages sent throughout the year stood at 1.5 billion up from 731 million messages sent during the previous year.

Telkom (Orange) experienced a significant increase in SMS traffic during the quarter to post 104.6 million messages up from 85.7 million messages posted last quarter. This represents 1.6 per cent market share during the quarter compared to 1.3 per cent in the previous quarter. The annual traffic volume grew 3-fold to stand at 316 million.

Equitel Limited registered 6.0 million messages during the quarter and retained its market share of 0.1 percent.

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



**Table 6: Short Messaging Service per Operator**

<i>Period</i>	<i>Name of Operator/Indicator</i>	<i>Safaricom Limited</i>	<i>Airtel Networks Kenya Limited</i>	<i>Essar Telecom Kenya Limited</i>	<i>Telkom Kenya Limited (Orange)</i>	<i>Equitel (Finserve Limited)</i>	<i>Total SMS</i>
<b>Apr-Jun 15</b>	<i>On-net</i>	5,817,363,914	310,341,586	-	27,521,437	735070	6,155,962,007
	<i>Off-net</i>	116,245,827	217,033,444	-	77,163,664	5,356,337	415,799,272
	<b>Total</b>	<b>5,933,609,741</b>	<b>527,375,030</b>	-	<b>104,685,101</b>	<b>6,091,407</b>	<b>6,571,761,279</b>
	<i>Market Share (%)</i>	90.3	8.0	-	1.6	0.1	
<b>Jan-Mar 15</b>	<i>On-net</i>	5,889,685,119	299,904,080	-	20,374,073	795,265	6,210,758,537
	<i>Off-net</i>	114,373,009	152,546,173	-	65,391,322	8,946,540	341,257,044
	<b>Total</b>	<b>6,004,058,128</b>	<b>452,450,253</b>	-	<b>85,765,395</b>	<b>9,741,805</b>	<b>6,552,015,581</b>
	<i>Market Share (%)</i>	91.6	6.9	-	1.3	0.1	
<b>FY 2014/15</b>	<i>On-net</i>	24,984,933,994	1,004,416,240	21,455,155	116,496,152	1,530,335	26,128,831,876
	<i>Off-net</i>	489,505,623	549,338,844	34,716,743	226,925,767	14,302,877	1,314,789,854
	<b>Total</b>	<b>25,474,439,617</b>	<b>1,553,755,084</b>	<b>56,171,898</b>	<b>343,421,919</b>	<b>15,833,212</b>	<b>27,443,621,730</b>
	<i>Market Share (%)</i>	92.8	5.7	0.2	1.2	0.1	
<b>FY 2013/14</b>	<i>On-net</i>	23,123,453,751	437,530,419	26,751,621	18,961,072	-	23,606,696,863
	<i>Off-net</i>	379,059,680	294,076,367	90,801,666	65,102,320	-	829,040,033
	<b>Total</b>	<b>23,502,513,431</b>	<b>731,606,786</b>	<b>117,553,287</b>	<b>92,346,203</b>	-	<b>24,444,019,707</b>
	<i>Market Share (%)</i>	96.1	3.0	0.5	0.4	-	

Source: CA, Operators' Returns,

### 1.4.5 Roaming Traffic

During the quarter under review, Roaming-out<sup>1</sup> voice traffic stood at 26.5 million minutes. Roaming traffic within EAC countries contributed to 23.3 million minutes while non-EAC countries contributed 3.1 million minutes. In the same way, the total number of roaming out messages was registered at 8.3 million and EAC countries contributed 4.8 million messages. The total roaming out data stood at 2.3 million MB.

Roaming- in<sup>2</sup> voice traffic registered a total of 19.5 million minutes during the period under review. EAC countries contributed 15.6 million minutes while non-EAC countries contributed 3.9 million minutes. Similarly, the total number of roaming out messages was registered at 7.7 million messages with EAC countries contributing 2.6 million messages. The roaming in data traffic stood at 4.4 million MB.

The data on roaming traffic is indicated in Table 7.

<sup>1</sup> Roaming out is traffic originated and terminated by subscribers of national networks as users of foreign networks abroad.

<sup>2</sup> Roaming in is traffic originated and terminated by foreign subscribers as users of local network.

**Table 7: Roaming Traffic**

<i>Name of Country</i>	<i>Apr-Jun 15</i>					
	<i>Roaming Out (Own Subscribers)</i>			<i>Roaming In (Foreign Subscribers)</i>		
	<b>Voice</b>	<b>SMS</b>	<b>Data (MB)</b>	<b>Voice</b>	<b>SMS</b>	<b>Data (MB)</b>
<i>Uganda</i>	17,798,478	2,809,337	464,078	6,770,087	1,044,079	237,025
<i>Tanzania</i>	3,900,930	1,244,668	696,362	3,372,959	1,448,470	327,459
<i>Rwanda</i>	1,339,205	277,347	132,621	4,119,238	127,976	113,416
<i>Burundi</i>	31,752	51,250	-	36,301	7,980	28,074
<i>S. Sudan</i>	240,631	455,392	2,671	1,337,408	58,152	544
<i>Sub-totals</i>	<b>23,310,996</b>	<b>4,837,994</b>	<b>1,295,732</b>	<b>15,635,993</b>	<b>2,686,657</b>	<b>706,518</b>
<i>Others</i>	3,196,307	3,521,671	1,018,434	3,919,945	5,091,795	3,751,587
<i>Totals</i>	<b>26,507,303</b>	<b>8,359,665</b>	<b>2,314,166</b>	<b>19,555,938</b>	<b>7,778,452</b>	<b>4,458,105</b>

Source: CA, Operators' Returns.

#### 1.4.6 International Mobile Traffic

During the quarter under review, international incoming voice traffic declined significantly by 10.9 per cent to stand at 160.4 million down from last quarter's 180.1 million minutes. Traffic within the EAC region contributed 47.5 million minutes whereas non-EAC countries contributed 112.9 million minutes. The total traffic for the financial year under review was recorded at 629.5 million up from 591.1 million minutes posted during the last financial year.

International outgoing traffic dropped by 12.1 per cent to record 117.1 million minutes during the period under review. Traffic within the EAC region stood at 3.4 million minutes while that outside EAC was registered at 82.5 million minutes. The total outgoing traffic for the year was posted at 471.4 million up from 463.7 million minutes registered last year marking a growth of 1.2 per cent.

The total number of messages received from other countries stood at 39.7 million during the quarter down from 39.8 messages reported in the previous quarter. The number of international SMS received throughout the year grew by 23.4 per cent to stand at 166.2 million messages.

International outgoing messages declined to 9.2 million during the quarter from 11.1 million messages sent in the previous quarter. Similarly, the annual international SMS volume dropped by 10.1 per cent to stand at 43.6 million messages during the FY 2014-15.

International Voice and SMS traffic is indicated in Table 8.

**Table 8: International mobile traffic**

Traffic	Region	Apr-Jun 15	Jan-Mar 15	Quarterly Variation (%)	FY 2014/15	FY 2013/14	Annual Variation (%)
International Incoming Mobile Voice Minutes	EAC	47,519,650	49,220,314	-3.5	136,590,488	34,695,119*	
	Others	112,938,085	130,937,714	-13.7	492,986,002	255,264,236*	
	<b>Total</b>	<b>160,457,735</b>	<b>180,158,028</b>	<b>-10.9</b>	<b>629,576,490</b>	<b>591,198,754</b>	<b>6.5</b>
International Outgoing Mobile Minutes	EAC	3,4626,456	44,034,821	-21.4	110,796,393	29,320,270*	
	Others	82,543,047	89,298,384	-7.6	360,687,247	196,289,844*	
	<b>Total</b>	<b>117,169,503</b>	<b>133,333,205</b>	<b>-12.1</b>	<b>471,483,639</b>	<b>465,724,534</b>	<b>1.2</b>
International Incoming Mobile SMS		39,757,691	39,806,773	-0.1	166,239,535	134,746,460	23.4
International Outgoing Mobile SMS		9,242,962	11,148,301	-17.1	43,648,519	48,526,570	-10.1

Source: CA, Operators' Returns. \* Disaggregated data only available for Q4 and Q3

## 1.5 Mobile Revenue and Investments

In the year 2014, annual mobile revenue grew significantly by 23.0 per cent to stand at Ksh172 billion whereas mobile investments grew by 5.7 per cent to record Ksh32 billion, as summarized in Table 9.

**Table 9: Mobile Revenue and Investment**

Mobile Revenues and Investments*	2014**	2013**	2012**	2011	2010	Variation (%) Over 2013	Variation (%) Over 2012	Variation (%) Over 2011	Variation (%) Over 2010
Mobile Revenue (KES Millions)	172,501	140,233	133,508	116,640	104,552	23.0	5.0	14.5	11.6
Mobile Investments (KES Millions)	32,133	30,387	33,827	34,590	27,126	5.7	-10.2	-2.2	27.5

Source: CA, Operators Returns, (\*) includes Telkom Fixed Network Revenue and Investment.

## 1.6 Employment in the Mobile Service Industry

During the year 2014 the number of employees both male and female in the mobile industry declined by 6.5 per cent and 1.7 per cent respectively as shown in Table 10.

**Table 10: Staff in Mobile Sector**

Staff	Jun - 15	Jun - 14	Jun - 13	Jun - 12	Jun - 11	Jun - 10	Variation (%) Over 2014	Variation (%) Over 2013	Variation (%) Over 2012	Variation (%) Over 2011	Variation (%) Over 2010
Male Staff	3,549	3,795	3,535	3,489	3,769	3,817	-6.5	7.4	1.3	-7.4	-8.6
Female Staff	2,598	2,644	2,082	2,053	2,058	2,052	-1.7	27.0	1.4	-0.2	-0.05

<b>Total Staff</b>	<b>6,147</b>	<b>6,439</b>	<b>5,617</b>	<b>5,542</b>	<b>5,827</b>	<b>5,869</b>	<b>-4.5</b>	<b>14.6</b>	<b>1.4</b>	<b>-4.9</b>	<b>-5.6</b>
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Source: CA, Operators Returns, (\*) includes Telkom Fixed Network



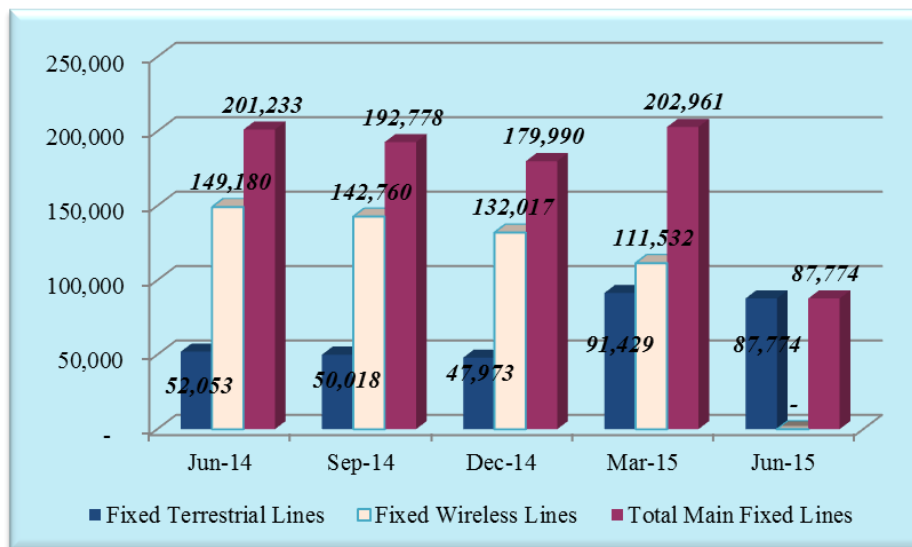
## 2 FIXED TELEPHONE SERVICE

### 2.1 Subscriptions

The de-commissioning of Telkom Kenya’s CDMA network has significantly affected the number of fixed line subscribers who have been gradually been migrated to GSM services. During the quarter under review, the total number of fixed lines was reported at 87,774 down from 202,961 lines reported during the previous quarter. Compared to the previous year, the FY2014-15 recorded a 56.3 per cent decline.

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 total local fixed voice traffic maintained a downward trend with the quarter under review registering a decline of 16.1 per cent to post 18.7 million minutes. The traffic recorded for the whole year dropped by 33.3 per cent when compared to that reported in the last financial year.

Fixed network traffic is expected to drop further in the coming quarters following the shutdown of fixed wireless network by Telkom Kenya.

Fixed to fixed network traffic dropped by 35.9 per cent to register 324,869 minutes during the quarter under review. The traffic recorded throughout the financial year declined significantly to stand at 1.5 million down from 5.2 million minutes registered in the last financial year.

Fixed wireless to fixed wireless traffic dropped considerably to register 588,128 minutes down from 2.7 million minutes registered last quarter. This service lost by 40.9 per cent in terms of traffic recorded throughout the year when compared to that of the previous year. This significant decline could be as a result of the shutdown of fixed wireless network by Telkom Kenya Limited during the period under review.

Likewise, fixed to other networks traffic declined by 9.0 per cent to reach 17.7 million minutes during the quarter. The traffic recorded for the financial year stood at 113.6 million down from 170.3 million minutes reported during the previous year.

Table 11 illustrates the trend in fixed network traffic.

**Table 11: Local Fixed Network Traffic in Minutes**

<i>Local Fixed Network traffic</i>	<i>Apr-Jun 15</i>	<i>Jan-Mar 15</i>	<i>Quarterly Variation (%)</i>	<i>FY 2014/15</i>	<i>FY 2013/14</i>	<i>Annual Variation (%)</i>
<i>Intra-network traffic</i>						
<i>Fixed-fixed</i>	324,869	507,002	-35.9	1,588,435	5,253,708	-69.8
<i>Fixed Wireless-fixed wireless</i>	588,128	2,748,007	-78.6	13,297,736	22,506,183	-40.9
<i>Inter-network traffic</i>						
<i>Fixed to other Networks(Network voice providers)</i>	17,789,118	19,555,349	-9.0	98,777,990	142,635,485	-30.7
<b><i>Total Local Fixed network traffic</i></b>	<b>18,702,115</b>	<b>22,303,356</b>	<b>-16.1</b>	<b>113,664,161</b>	<b>170,395,376</b>	<b>-33.3</b>

*Source: CA, Operators' Returns*

International incoming fixed line traffic dropped by 12.9 per cent during the quarter to post 2.3 million minutes from 2.6 million minutes posted last quarter. The volume of traffic recorded for the financial year stood at 10.5 million down from 14.4 million minutes recorded during the last financial year.

Similarly, international outgoing fixed line traffic decreased to 2.6 million during the quarter from 3.3 million minutes reported during the previous quarter. The traffic volume for the year decreased by 18.6 per cent to record 13.3 million minutes down from 16.4 million minutes reported last year.

The number of international outgoing VoIP minutes dropped considerably by 95.8 percent to reach 66,252 minutes during the quarter under review down from 1.5 million minutes recorded during the last quarter.

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

**Table 12: International Fixed Voice Traffic**

<i>International Fixed Network traffic</i>	<i>Apr-Jun 15</i>	<i>Jan-Mar 15</i>	<i>Quarterly Variation (%)</i>	<i>FY 2014/15</i>	<i>FY 2013/14</i>	<i>Annual Variation (%)</i>
<i>International Incoming Fixed Network Voice traffic</i>	2,300,271	2,641,973	-12.9	10,598,469	14,444,467	-26.6
<i>International Outgoing Fixed Network Voice traffic</i>	2,647,893	3,303,747	-19.9	13,398,004	16,457,407	-18.6
<i>International Outgoing Fixed Network VoIP traffic</i>	66,252	1,586,490	-95.8	5,346,703	8,499,889	-37.1

*Source: CA, Operators Returns.*



### 3 DATA/INTERNET SERVICES

#### 3.1 Data/Internet Service

Generally, the data market in the country has continued to register growth following the increased use of data/internet enabled mobile devices and the increased connection of last mile fibre optic network. The quarter under review registered an increase of 5.9 per cent in internet/data subscriptions to stand at 19.9 million. Consequently, the number of internet/data users grew by a similar margin to stand at 29.6 million during the quarter. The number of internet/data subscriptions and users has grown by 42.0 and 32.9 per cent respectively when compared to the same period of the previous year.

Mobile data/internet subscriptions contribute 99 per cent of the total subscriptions with the quarter under review registering 19.8 million subscriptions. This number has grown by 42.2 per cent since the same period of the previous year.

Terrestrial wireless data subscriptions increased during the quarter under review to register 17,721 subscriptions up from 16,148 subscriptions recorded during the last quarter marking an increase of 9.7 percent. This number has increased by 3.2 per cent from June 2014. Satellite subscriptions on the other hand dropped by 24.0 per cent to register 635 subscriptions from 836 subscriptions registered last quarter.

The number of fixed DSL data/internet subscriptions declined significantly by 82.3 per cent to stand at 2,597 down from 14,685 subscriptions reported in the previous quarter and 12,129

subscriptions reported during the same period of the previous year. This decline could have been as a result of shutdown of ADSL (Copper) network and subsequent replacement with fibre by Telkom Kenya Limited earlier in the quarter.

The growth in fibre optic subscriptions has remained steady over the period with the quarter under review registering 93,598 subscriptions up from 87,838 subscriptions recorded during the last quarter representing a 6.5percent an increase. In relation to the same period of the previous year, 34.9 per cent growth was attained.

The trend in data/internet subscriptions is as indicated in Table 13.

**Table 13: Internet Subscriptions and Internet Users**

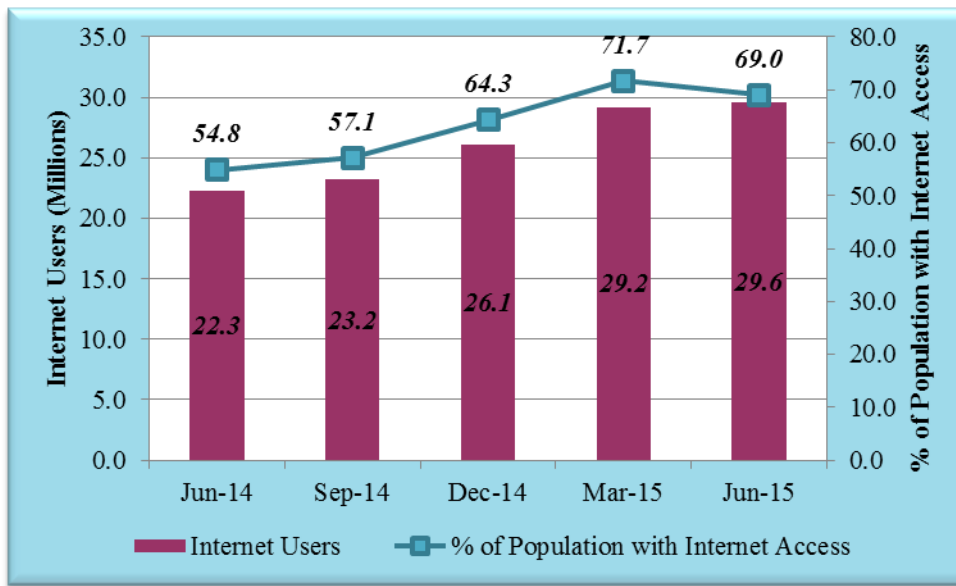
<i>Internet/Data Subscriptions</i>	<i>Jun 15</i>	<i>Mar-15</i>	<i>Quarterly Variation (%)</i>	<i>Jun 14</i>	<i>Annual Variation (%)</i>
<b><i>Total Internet Subscriptions</i></b>	<b>19,924,285</b>	<b>18,802,428</b>	<b>5.9</b>	<b>14,030,036</b>	<b>42.0</b>
<i>Mobile Data Subscriptions</i>	19,809,709	18,682,921	6.0	13,930,694	42.2
<i>Terrestrial Wireless Data Subscriptions</i>	17,721	16,148	9.7	17,169	3.2
<i>Satellite Data Subscriptions</i>	635	836	-24.0	646	-1.7
<i>Fixed DSL Data Subscriptions</i>	2,597	14,685	-82.3	12,129	-78.6
<i>Fixed Fibre Optic Data Subscriptions</i>	93,598	87,838	6.5	69,373	34.9
<i>Fixed Cable Modem Subscriptions</i>	25	25	0.0	25	0.0
<b><i>Total Internet Users<sup>3</sup></i></b>	<b>29,672,419</b>	<b>29,158,301</b>	<b>1.7</b>	<b>22,319,684</b>	<b>32.9</b>

*Source: CA, Operators' Returns*

During the quarter under review internet/data penetration was recorded at 69.0 per cent down from 71.7 per cent recorded during the previous quarter. The decrease in data/internet penetration was as a result of revision of the base population figure used in the computation of penetration from 40.7 million to 43.0 million as per the Economic Survey 2015.

The trends on internet/data usage and access are demonstrated in Figure 7.

**Figure 7: Estimated Number of Internet Users and Internet Penetration**



*Source: CA, Operators' Returns.*

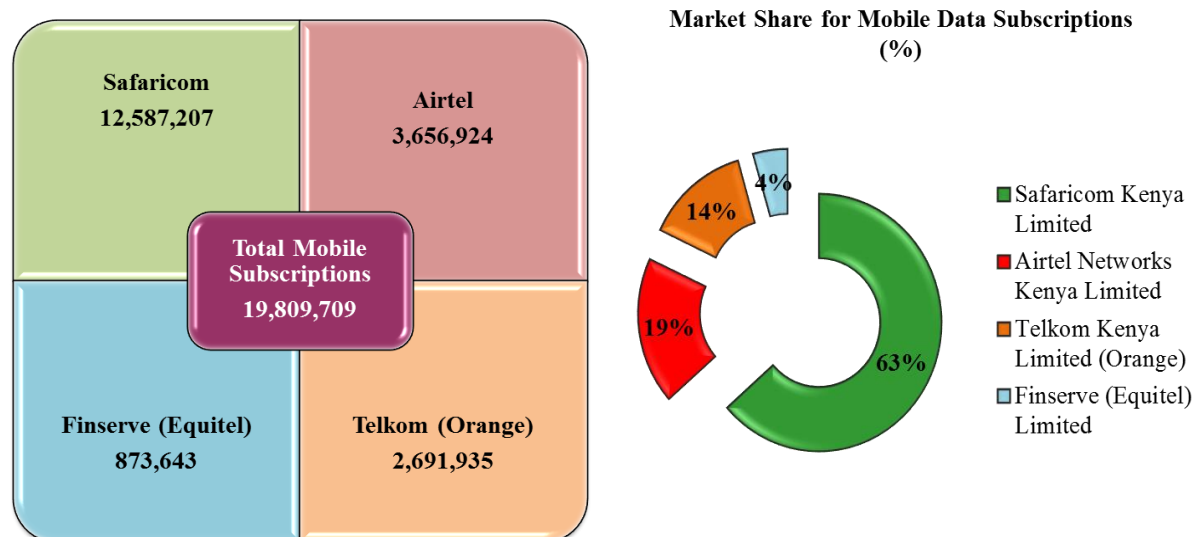
As illustrated in Figure 8 below, Safaricom Kenya Limited registered the largest number of mobile data/internet subscriptions at 12.5 million representing 63 per cent market share during the quarter under review.

Bharti Airtel Networks Limited registered 3.6 million subscriptions and a market share of 19 per cent. Telkom Kenya (Orange) on the other hand posted 2.6 million mobile data/internet subscriptions with a market share of 14 per cent. Finserve Africa Limited recorded 873,643 subscriptions equivalent to 4.0 percent market share during the quarter under review.

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

The market shares for other fixed/wireless data/internet subscriptions for the top ten operators in the market experienced mixed trends during the period under review with some operators gaining and others losing. The subscriptions have increased significantly to 118,554 compared to the same period of the previous year that recorded 99,342 subscriptions.

Wananchi Telecom acquired the highest market share during the quarter under review at 53.6 percent up from 46.8 per cent in the previous quarter. Liquid Telecom was second with 16.5 percent market share up from 15.3 percent registered during the last quarter. Telkom Kenya lost 8.3 percentage points to reach 1.8 percent down from 10.1 percent share attained during the last quarter.

Table 14 below shows the number of subscriptions and the respective market shares for non-mobile data/internet subscriptions.

**Table 14: Other Fixed/Wireless Internet Subscriptions by Operator**

Name of Operator	Jun-15	Market share (%)	Mar-15	Market share (%)	Jun-14	Market Share (%)
<i>Wananchi Group Limited</i>	63,542	53.6	63,542	46.8	44,254	44.7
<i>Liquid Telecom Limited</i>	19,535	16.5	18,250	15.3	17,850	17.8
<i> Telkom Kenya Limited</i>	2,152	1.8	12,083	10.1	11,714	11.6
<i>Access Kenya Limited</i>	8,441	7.1	8,441	9.6	11,502	11.5
<i>Safaricom Limited</i>	10,965	9.2	8,192	6.9	7,222	7.1
<i>Jamii Telecommunication Limited</i>	7,846	6.6	7,536	6.3	2,574	2.6
<i>Iway Africa*</i>	3,271	2.8	3,271	2.7	1,541	1.9
<i>Mobile Telephony Networks Limited</i>	879	0.7	1,035	0.9	1,373	1.4
<i>Internet solution**</i>	742	0.6	742	0.6	-	-
<i>Tangerine Limited</i>	-	-	-	-	248	0.3

<i>Call Key Networks Limited</i>	543	0.5	543	0.5	547	0.6
<i>Others</i>	638	0.5	417	0.3	517	0.7
<b>Total Subscriptions</b>	<b>118,554</b>		<b>119,507</b>		<b>99,342</b>	

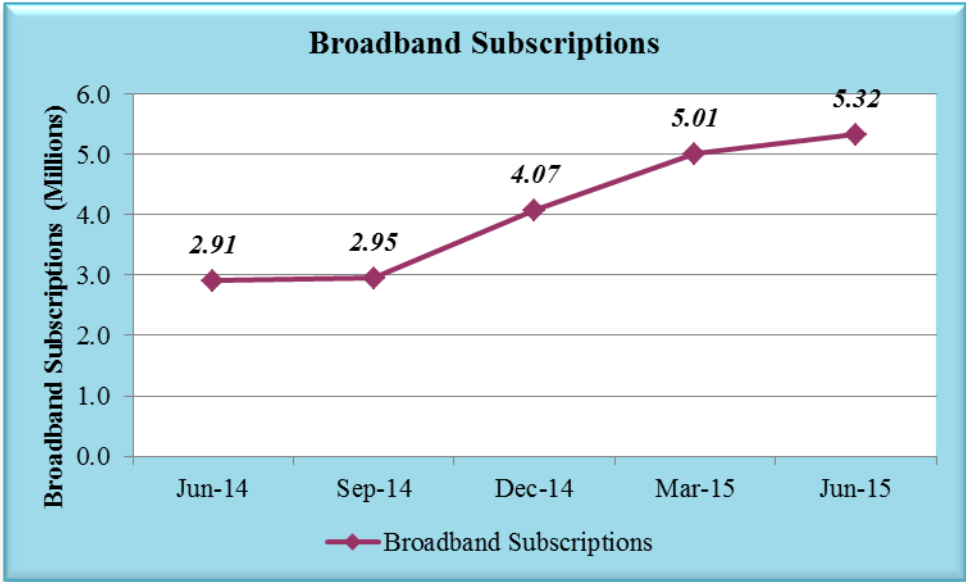
Source: CA, Operators' Returns, \* Data used for Oct-Dec 14, \*\*Data used for Apr-Jun 14,

### 3.2 Broadband Services

#### 3.2.1 Data / internet broadband subscriptions

As illustrated in Figure 9, the number of broadband subscriptions grew by 6.1 percent to reach 5.32 million up from 5.01 million subscriptions reported during the last quarter. The number has grown by more than double when compared to the same period of the last financial year. Mobile broadband subscriptions form 99 percent of the total broadband subscriptions.

Figure 9: Broadband Subscriptions



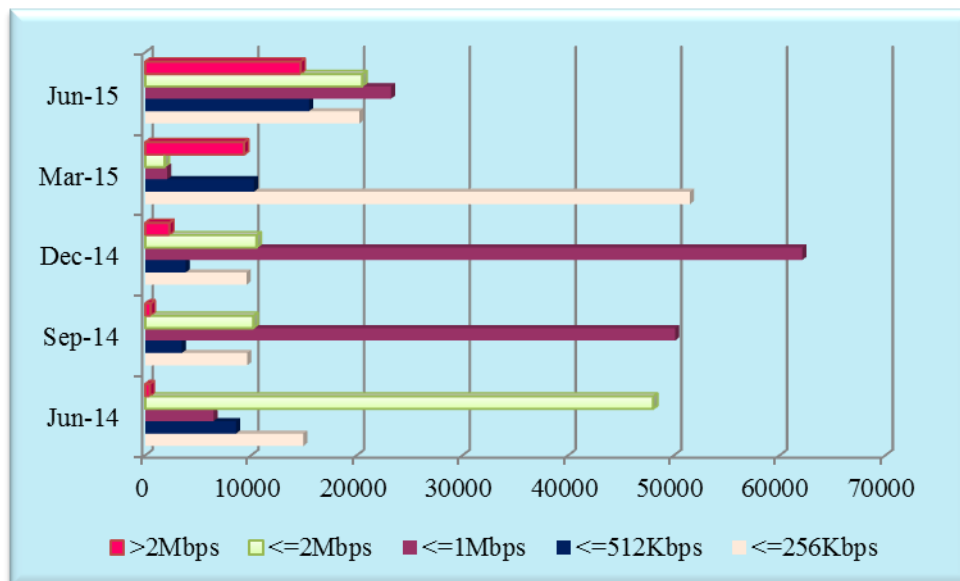
Source: CA, Operators' Returns

#### 3.2.2 Broadband subscriptions by Speed

As show in Figure 10, broadband speeds of less than or equal to 1Mbps recorded the highest numbers of subscriptions while those less than or equal to 256Kbps recorded the least number of subscriptions.

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

Figure 10: Broadband Subscriptions By Speed



Source: CA, Operators' Returns.

### 3.3 International Bandwidth

During the period under review, the international Internet bandwidth available in the country (Lit/equip capacity) increased to reach 1,668,561Mbps up from 1,668,546Mbps recorded during the last quarter. This capacity grew by 96.9 percent when compared to 847,464.4 Mbps recorded during the previous year. This growth was mainly contributed by TEAMS, which upgraded its system and lit more capacity to accommodate growing demand for bandwidth.

Satellite capacity also increased by 0.6 percent to reach 278 Mbps from 265 Mbps recorded during the last quarter. Similarly, when compared to the period of the previous year a 29.7 percent increase was observed.

The trend on international Internet available bandwidth is as shown in Table 15.

Table 15: International Internet Available Bandwidth (Mbps)

<i>International Connectivity Bandwidth</i>	<i>Jun-15</i>	<i>Mar-15</i>	<i>Quarterly Variation (%)</i>	<i>Jun-14</i>	<i>Annual Variation (%)</i>
<i>SEACOM</i>	770,000	770,000	0.0	565,440	36.2
<i>TEAMS</i>	820,000	820,000	0.0	119,970	583.5
<i>Telkom Kenya Limited (EASSY)</i>	39,063	39,060	0.0	120,880	-67.7
<i>Lion 2</i>	39,220	39,220	0.0	40,960	-4.2
<i>Satellite Internet Bandwidth</i>	278.00	265.6	4.6	214.4	29.7
<b><i>Total International Internet Bandwidth (Mbps)</i></b>	<b>1,668,561</b>	<b>1,668,546</b>	<b>0.0</b>	<b>847,464.4</b>	<b>96.9</b>

Source: CA, Operators' Returns

The used international Internet bandwidth grew by 0.6 per cent to reach 788,484.78 Mbps during the quarter under review. This bandwidth grew significantly by 80.8 per cent when compared to the previous financial year.

The undersea cable used bandwidth increased by 0.6percent to reach 788,300Mbps up from 783,490Mbps recorded during the last quarter. Similarly, when compared to the same period of the previous year, a considerable growth of 80.9 per cent was realised.

Satellite used bandwidth grew tremendously by 158.1 per cent to reach 184.78 Mbps up from 71.60Mbps reported during the previous quarter. Likewise, the bandwidth increased by 80.8 per cent when compared to that registered during the same period of the previous year.

The trend in international Internet connectivity (used) bandwidth is shown in Table 16.

**Table 16: International Internet Connectivity Bandwidth (Mbps)**

<i>International Leased (Used) Bandwidth</i>	<i>Jun-15</i>	<i>Mar-15</i>	<i>Quarterly Variation (%)</i>	<i>Jun -15</i>	<i>Annual Variation (%)</i>
<i>International Undersea Internet Connectivity Bandwidth (Mbps)</i>	788,300.00	783,490.00	0.6	435,820.00	80.9
<i>International Satellite Internet Connectivity Bandwidth</i>	184.78	71.60	158.1	196.40	-5.9
<i>Total International Internet Connectivity Bandwidth (Mbps)</i>	<b>788,484.78</b>	<b>783,561.60</b>	<b>0.6</b>	<b>436,016.4</b>	<b>80.8</b>

Source: CA, Operators' Returns;

### 3.4 Revenue and Investment in the Data/Internet Market

In the year 2014, annual data/internet revenue stood at Ksh10.1billion while investments were recorded at Ksh3.4 billion.

**Table 17: Data/Internet Revenue and Investment**

<i>Data/Internet Revenue and Investments</i>	<i>2014*</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>Variation (%) Over 2013</i>	<i>Variation (%) Over 2012</i>	<i>Variation (%) Over 2011</i>	<i>Variation (%) Over 2010</i>
<i>Data/Internet Revenue (KES Millions)</i>	10,158	21,941	25,627	13,710	8,659	-53.7	-14.4	86.9	58.3
<i>Data/Internet Investments (KES Millions)</i>	3,440	3,537	6,115	5,079	3,520	-2.7	-42.2	20.4	44.3

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 .KE domain names as at June 2015was recorded at 47,704 as shown in Table 18.

**Table 18: Number of Domain names**

Subdomain	Use	Jun-15		Jun-14	
		No. of Domains	Percentage (%)	No. of Domains	Percentage (%)
CO.KE	Companies	43,972	92.18	29,374	90.36
GO.KE	Government Entities	332	0.7	301	0.93
OR.KE	Non Profit Making Organizations	1496	3.14	1,193	3.67
AC.KE	Institutions of Higher Education	885	1.86	773	2.38
SC.KE	Lower and Middle Level Institutions	184	0.39	119	0.37
NE.KE	Personal Websites and E-mail	105	0.22	65	0.20
ME.KE	Personal Websites and E-mail	566	1.19	546	1.68
MOBI.KE	Mobile Content	51	0.11	43	0.13
INFO.KE	Information	113	0.24	94	0.29
<b>Total</b>		<b>47,704</b>	<b>100</b>	<b>32,508</b>	<b>100</b>
<i>Source: KENIC - <a href="http://www.kenic.or.ke">www.kenic.or.ke</a></i>					

*Source: Kenya Network Information Centre (KeNIC)*



## 4 POSTAL AND COURIER SERVICES

### 4.1 Postal and Courier Traffic

The number of letters posted locally for postal and courier sub-sector decreased by 6.3 per cent to register 15.6 million letters up from 16.7 million letters recorded in the last quarter. Similarly, the total number of letters sent throughout the financial year increased by 0.6 per cent to record 59.4 million up from 59.1 million letters sent during the previous year.

The number of courier items sent decreased by 8.7 percent during the period to record 314,272 items from 344,222 items recorded in the last quarter. At the same time, the items sent during the FY 2014/15 were registered at 2.5 million compared to 2.6million in the previous year.

The number of letters received from other the countries dropped by 9.5 percent to stand at 2.2 million during the quarter under review. Similarly, the volume of letters received during the 2014/15 financial year decreased by 1.6 percent to record 9.5 million letters.

Letters going out of the country dropped by 41.1 percent to reach 1.3 million during the quarter. However, the Financial Year 2014/15 posted a significant increase of 40.4 per cent to register 5.2 million letters up from 3.7 million letters sent in the previous year.

**Table 19: Postal and Courier Traffic**

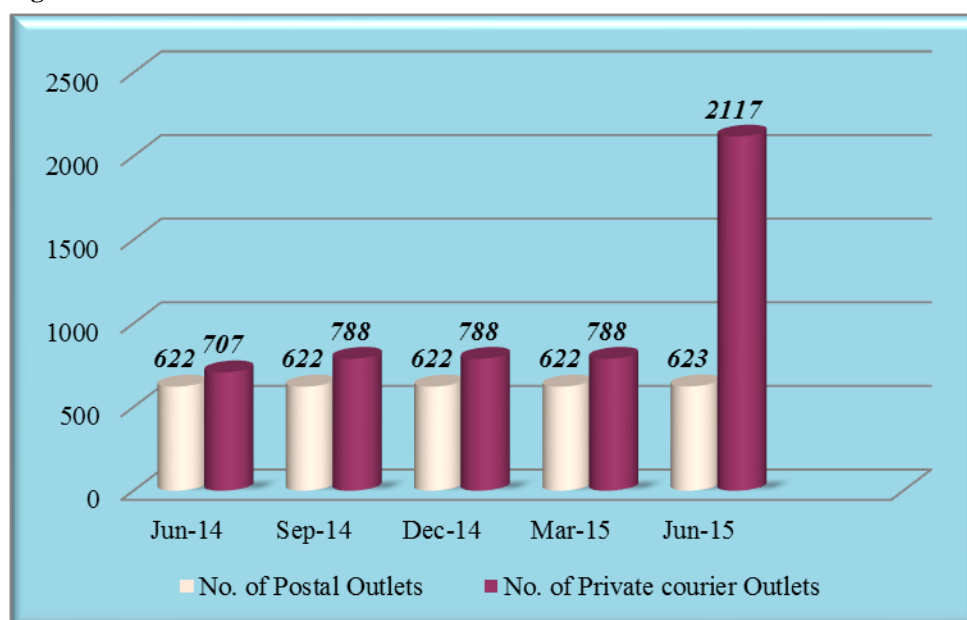
<i>Post and Courier Traffic</i>	<i>Apr-Jun 15</i>	<i>Jan-Mar 15</i>	<i>Quarterly Variation (%)</i>	<i>FY 2014/15</i>	<i>FY 2013/14</i>	<i>Annual Variation (%)</i>
<i>Number of Letters (Up to 350 gms) Posted Locally</i>	15,685,924.00	16,738,268	-6.3	59,472,262	59,135,509	0.6
<i>Total Courier Items Sent Locally</i>	314,272	344,222	-8.7	2,564,899	2,627,029	-2.4
<i>International Incoming Letters (Up to 350 gms)</i>	2,205,297	2,436,307	-9.5	9,582,486	9,741,079	-1.6
<i>International Outgoing Letters (Up to 350 gms)</i>	1,350,999	2,293,147	-41.1	5,269,992	3,752,745	40.4

Source: CA, Operators' Returns,

## 4.2 Number of Postal and Courier Outlets

The number of postal outlets operators increased marginally to 623 during the quarter from 622 recorded in the previous quarter. The number of private courier outlets recorded a sharp increase of 168.7 per cent to record 2117 outlets in the quarter under review up from 788 recorded in the previous quarter. This is as result of the entry of new licensees and expansion to new towns by existing licensees.

**Figure 10: Number of Postal Outlets**



Source: CA, Operators' Returns,

### 5.3 Postal and Courier Revenue and Investments

During the year 2014, the total revenues recorded by the postal and courier sector grew by 20.4 percent to post 8.5 billion shillings compared to 7.1 billion posted in the FY 2013/14. The total investments experienced a decline of 23.5 percent during the year 2014 to record 397 million Kenya Shillings down from 519 million shillings recorded in 2013.

**Table 20: Postal and Courier Revenue and Investments**

<i>Post/Courier Revenue and Investment</i>	<i>2014</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>Variation (%) Over 2013</i>	<i>Variation (%) Over 2012</i>	<i>Variation (%) Over 2011</i>	<i>Variation (%) Over 2010</i>
<i>Revenue (KES Millions)</i>	8,530	7,086	7,467	11,793	10,694	20.4	-5.1	-36.7	11.0
<i>Investments (KES Millions)</i>	397	519	390	504	672	-23.5	33.1	-22.6	-25.0

*Source: CA, Operators' Returns,*

## 5 CONCLUSION

During the financial year 2014/15, the country experienced increased data/internet and mobile service growth. The fast growing mobile sector is characterized by competition between three mobile operators and one Mobile Virtual Network Operator. Following Essar Telecom's exit from the market, Safaricom Limited and Bharti Airtel Limited acquired its infrastructure and subscribers respectively. It is also within the year 2014 that Finserve Africa Limited; a newly licensed MVNO launched its mobile services hence enhancing competition in the mobile service sub-sector. The number of mobile subscriptions has grown significantly since June 2014 and so has the volume of local mobile traffic.

The fixed network has registered a long-term decline with the year under review recording the least number of subscriptions and traffic. Telkom Kenya (Orange) one of the leading fixed network providers shut down its CDMA (fixed wireless) network and migrated the existing subscribers to their GSM network during the quarter under review. However, the subscribers were allowed to retain their old numbers after the swap from CDMA to GSM. Fixed network subscriptions are expected to fall even further in the coming periods following the termination of the CDMA service.

The country's data/internet sub-sector has continued to grow significantly during the financial year under review. About 99 per cent of broadband connections are made via third generation (3G) mobile networks while the number of connections using fibre optic technology grew significantly during the period under review. However, fixed DSL data/internet subscriptions experienced considerable decline following the shutdown of ADSL (Copper) network by Telkom Kenya Limited and the subsequent replacement with fibre optic network. The evolution of advanced services on e-platforms such as e-government, e-commerce, e learning and IPTV/Triple Play has contributed to increased demand for bandwidth hence the increase in available and used international Internet bandwidth.

The postal and courier sub-sector experienced an increase in the volume of letters sent and the courier sub-sector demonstrated an increase in the number of outlets. The number of letters sent and received both locally and internationally is likely to reduce considering the increased use of mobile phones and the increasing use of social media platforms

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