



QUARTERLY SECTOR STATISTICS REPORT
FOURTH QUARTER FOR THE FINANCIAL YEAR 2015-2016
(APRIL-JUNE 2016)

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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.

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LIST OF ABBREVIATIONS

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

I. PRELIMINARY NOTES

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

II. REPORT SUMMARY

An overview of the sector performance and trends for the period April to June 2016 and the Financial Year 2015/16, focused on the following service categories:

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

The period between 1st April and 30th June 2016 which marked the fourth quarter of the financial year 2015/2016 recorded 39.7 million mobile subscriptions up from 38.3 million subscriptions recorded last quarter. This –translates to an increase of 3.7 percent. The mobile penetration increased to 90.0 per cent from 89.2 per cent recorded in the last quarter. There were 1.4 million new mobile subscriptions during the quarter under review compared to 660, 867 net additions registered in the previous quarter.

During the quarter under review mobile money subscriptions hit - 26.3 million, while the number of mobile money transfer agents was recorded at 158,727. A total of 227.3 million mobile commerce transactions were made which translated to the cost of goods and services valued at Ksh. 404.1 billion purchased. The person-to-person money transfers recorded in the period was valued at Ksh. 429.4 billion.

The number of mobile in-ports declined by 8.1 per cent during the period under review to stand at 363 in-ports down from 395 in-ports reported last quarter.

Local mobile voice traffic was recorded at 10.2 billion minutes during the quarter under review, which marked an increase of 0.2 per cent from the preceding quarter. Similarly the number of intra-network mobile voice minutes grew significantly by 24.2 per cent during the financial year 2015/2016 to stand at 36.6 billion minutes up from 29.5 billion minutes posted in the preceding financial year. On the contrary, the Minutes of Use (MoU) per subscriber per month declined from 89.0 minutes recorded in the previous quarter to 86.0 minutes in the fourth quarter.

The total number of Short Messaging Service (SMS) sent during the quarter increased significantly to 11.6 billion messages from 6.5 billion registered last quarter. This growth was as a result of the Create Your Plan Bundles SMS tariff that was introduced by Safaricom Limited during the period under review. This tariff allows the operator's customers to send as many as 50 messages per day for only Ksh. 10. Similarly, the volume of SMS sent throughout the year grew significantly to 31.3 billion up 26.1 billion messages sent during the previous year.

Roaming-out¹ voice traffic stood at 34.6 million minutes with roaming traffic within EAC countries contributing 91.0 per cent equivalent to 31.5 million minutes, whereas non-EAC countries contributed 3.1 million minutes. Roaming- in² voice traffic registered a total of 32.0 million minutes during the period under review with EAC countries contributing 84.1 per cent equivalent to 26.9 million minutes and non-EAC countries contributing 5.1 million minutes.

International incoming voice traffic increased significantly during the quarter under review to stand at 277.4 million minutes up from 148.7 million minutes reported in the previous quarter. Traffic originating from EAC countries contributed 91.2 million minutes. On the contrary, International outgoing traffic dropped by 0.6 percentage points to stand at 119.1 million minutes.

Traffic to EAC countries increased during the quarter under review to post 41.3 million minutes from 38.2 posted in the previous period while traffic to other countries registered a decline of 4.7 per cent to post 77.8 million minutes during the quarter.

During the financial year 2015/16, annual mobile revenue grew by 24.5 per cent to stand at 214.8 billion Kenya Shillings whereas mobile investments grew substantially by 62.5 per cent to reach 52.2 billion Kenya Shillings.

The total number of fixed network subscriptions was recorded at 81,116 at the end of the fourth quarter.

However, the number of terrestrial fixed lines continued to register a decline to stand at 80,746 subscriptions in the quarter under review from 85,496 subscriptions registered in the last quarter

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

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

In the Data/Internet market segment, subscriptions rose by 8.2 percent to reach 26.8 million during the quarter under review up from 24.8 million subscriptions recorded last quarter. This represents an increase of 35.0 per cent compared to the 19.9 million subscriptions reported during the previous year. Consequently, the estimated number of Internet users grew from 37.4 million posted last quarter to 37.7 million users during the period under review. Internet penetration declined from 87.2 per cent recorded last quarter to 85.3 per cent during the period under review. This drop is attributed to the revision of the base population figure used in the computation of penetration from 43.0 million to 44.2 million in line with the Economic Survey 2016.

The number of broadband subscriptions increased remarkably by 36.7 per cent during the quarter to reach 10.8 million subscriptions up from 7.9 million subscriptions recorded in the preceding quarter resulting to a broadband penetration level of 24.5 per cent.

International Internet bandwidth available in the country (Equipped/Lit) increased by 6.3 percent to reach 1.7 million Mbps during the period under review up from 1.6 million Mbps recorded during the preceding quarter. Similarly, total used bandwidth grew slightly by 1.9 percent to reach 877,775.43 Mbps from 861,719.9 Mbps recorded in the preceding quarter.

The number of .KE domain names as at 30th June 2016 was recorded at 58,206, which was a growth of 18.0 per cent when compared to the financial year 2014/15.

At the end of financial year 2015/16 the number of free-to-air TV channels on the digital terrestrial platform stood at 63 while the number of number of FM stations were 139.

Postal and courier sub-sector registered mixed trends during the quarter under review. The number of letters posted locally increased substantially by 29.2 per cent to reach 16.6 million letters up from 12.8 million letters while the number of letters received from other the countries dropped slightly by 0.5 percent to stand at 2.07 million.

The number of courier items sent during the period increased by 8.0 per cent to record 1.4 million items up from 1.3 million items sent last quarter. The total courier items sent during FY 2015/2016 increased to 3.8 million items from 2.5 million recorded in the previous year.

At the end of the financial year 2015/2016 the number of postal outlets stood at 623 while the courier outlets were recorded at 1,599. The decline of number of courier outlets was a result of deregistration of non-compliant Postal and Courier operators.

Authority received a total of 21 applications for promotions and special offers, and tariffs during the fourth quarter of financial year 2015/16 which were reviewed and - approved accordingly.

1 CELLULAR MOBILE SERVICES

1.1 Mobile Subscriptions

The mobile market in the country has continued to realize growth over time. During the quarter under review, mobile subscriptions recorded a 3.7 per cent growth to 39.7 million up from 38.3 million subscriptions registered in the previous quarter.

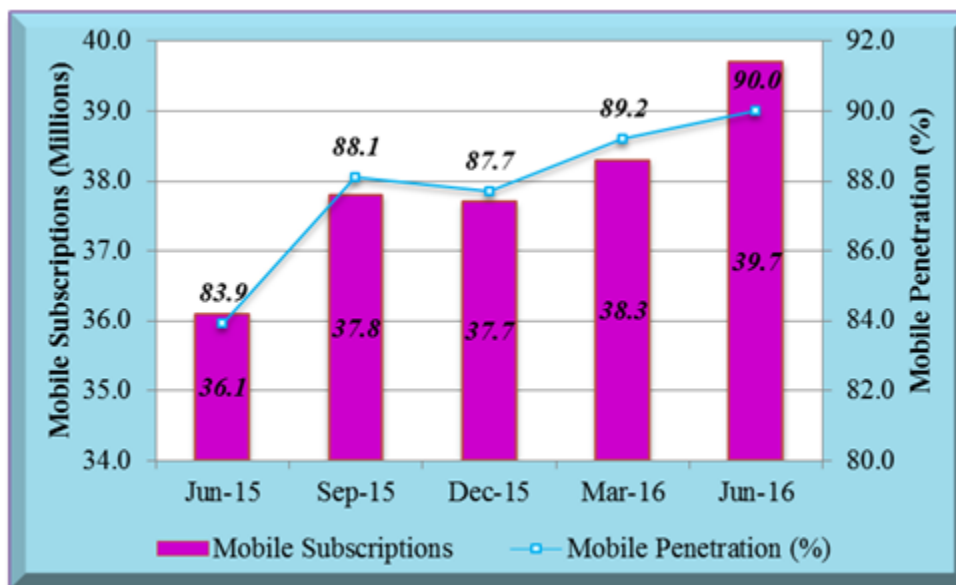
When compared to the same period of the previous financial year, there was a growth of 9.9 per cent. The continued growth in mobile subscriptions has been driven by proliferation of mobile data services such as, m-commerce and m-banking services as well as hand set affordability.

The quarter under review recorded a mobile penetration level of 90.0 per cent, an increase of 0.8 percentage points from 89.2 per cent recorded in the preceding quarter. Similarly when compared to same period in the last financial year, there was a growth of 6.1 percentage points in mobile penetration.

Mobile Services, a newly licensed Mobile Virtual Network Operator (MVNO) launched its mobile services during the financial year 2015/2016.

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

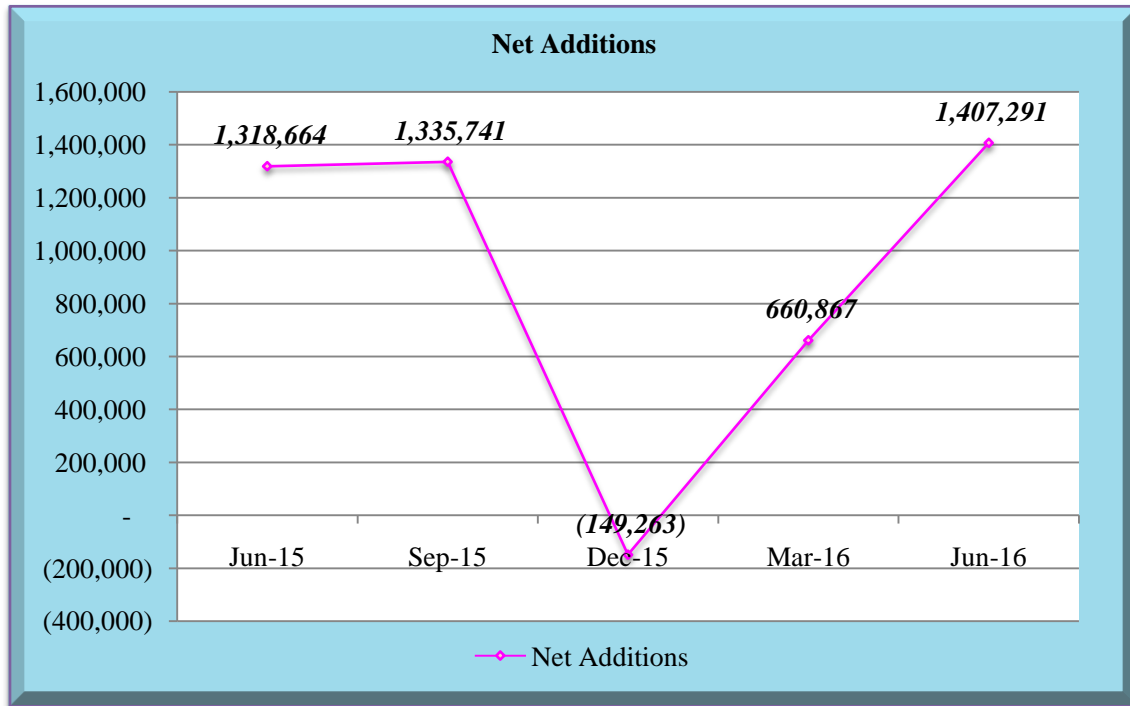
Figure 1: Mobile Subscriptions



Source: CA, Operators' Returns, Penetration has been computed using the latest population figure of 44.2 million as per Economic Survey 2016

As illustrated in Figure 2, there were 1.4 million new mobile subscriptions during the quarter under review compared to 660, 867 net additions registered in the previous quarter.

Figure 2: Net additions in Mobile Subscriptions



Source: CA, Operators' Returns

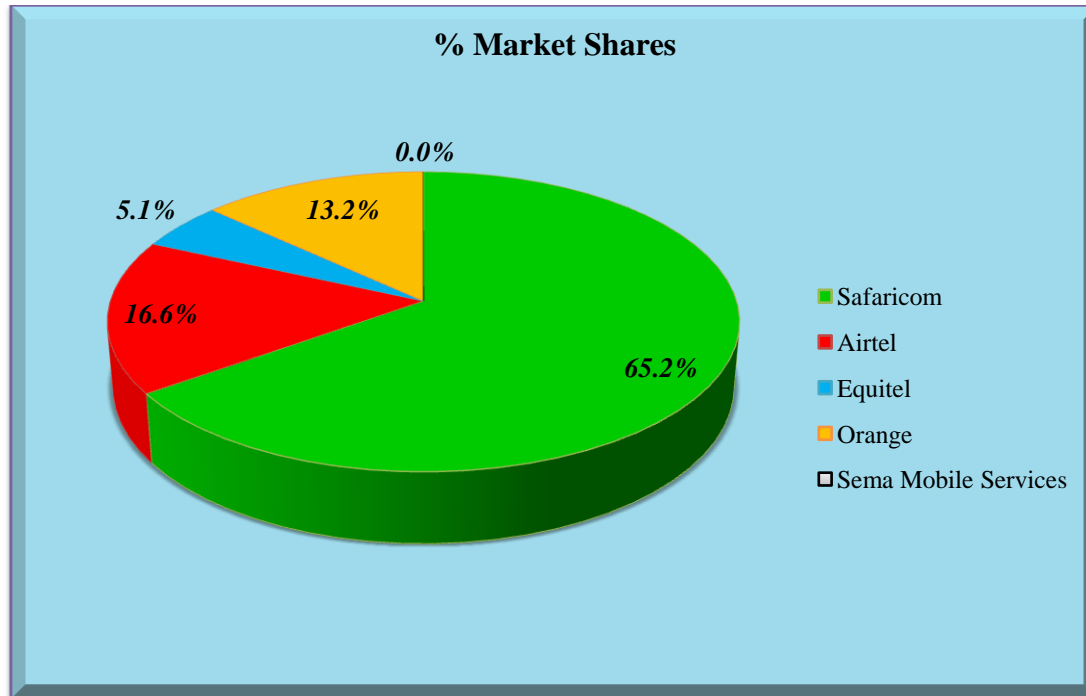
As shown in figure 3, Safaricom Limited market share stood at 65.2 per cent during the quarter under review marking a drop of 0.4 percentage points when compared to last quarter's market share of 65.6 per cent.

Orange Kenya and Finserve Africa limited gained in market share of 0.7 per cent each to stand at 13.2 per cent and 5.1 per cent respectively.

However, Airtel Networks Kenya lost its market share during the quarter by 0.9 percentage points to stand at 16.6 per cent.

Sema Mobile, a new entrant during the financial year 2015/2016, recorded a market share below 0.0 per cent.

Figure 3: Market Share for Mobile Subscriptions per Operator



Source: CA, Operators' Returns,

Safaricom total subscriptions stood at 25.9 million subscriptions, during the period under review, which was an increase of 3.1 per cent when compared to 25.1 million subscriptions recorded in the previous quarter. Safaricom's prepaid subscriptions increased to 24.8 million up from 24.2 million subscriptions recorded in the previous quarter. Similarly, there was an increase in the number of its post-paid subscriptions to 1.0 million up from 931,126 subscriptions as at last quarter.

Airtel's total mobile subscriptions stood at 6.5 million during the quarter under review, a decline of 2.0 per cent when compared to 6.7 million subscriptions recorded in the previous quarter. Its pre-paid subscriptions declined by 2.1 per cent while post-paid subscriptions increased by 1.4 per cent.

Orange Kenya's total subscriptions grew to 5.2 million up from 4.8 million subscriptions recorded in the previous quarter translating to an increase of 8.9 per cent. The number of pre-paid and post-paid subscriptions grew by 8.9 per cent and 1.8 per cent respectively during the quarter.

Finserve Africa Limited and Sema Mobile Services recorded 2.0 million and 275 prepaid subscriptions respectively during the quarter under review.

Table 1 shows mobile subscription per operator.

Table 1: Mobile Subscription per operator

Name of operator	Jun-16			Mar-16			Quarterly variation (%)
	Pre-paid	Post-paid	Total	Pre-paid	Post-paid	Total	
<i>Safaricom Limited</i>	24,862,962	1,078,526	25,941,488	24,230,313	931,126	25,161,439	3.1
<i>Airtel Networks Limited</i>	6,444,633	144,192	6,588,825	6,580,141	142,271	6,722,412	-2.0
<i>Finserve Africa (Equitel)</i>	2,015,352	-	2,015,352	1,683,362	-	1,683,362	19.7
<i>Telkom Kenya(Orange)</i>	5,229,003	9,159	5,238,162	4,800,445	8,995	4,809,440	8.9
<i>Sema Mobile</i>	275	-	275	158	-	158	74.1
Total	38,552,225	1,231,877	39,784,102	37,294,419	1,082,392	38,376,811	3.7

Source: CA, Operators' Returns

1.2 Mobile Money Transfer

During the quarter under review, the number of mobile money transfer subscriptions stood at 26.3 million while the number of mobile money transfer agents was recorded at 158,727. The total number of transactions during the quarter was registered at 375.8 million with an equivalent of Ksh. 957.0 billion transacted amongst the users.

A total of 227.3 million mobile commerce transactions were made, which amounted to the cost of goods and services valued at Ksh. 404.1 billion. Person-to-person money transfers recorded in the period was valued at Ksh. 429.4 billion.

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

Table 2: Mobile Money Transfer Service

Service	Jun-16						
	Agents	Subscriptions	Number of transactions	Value of transactions (Ksh)	Mobile commerce transactions	Value of mobile commerce (Ksh)	Person to Person transfers(Ksh)
<i>M-Pesa</i>	107,936	17,120,278	307,993,348	807,087,001,206	168,511,133	323,188,944,204	366,025,969,054
<i>Airtel Money</i>	13,944	4,853,869	8,864,578	10,897,099,926	8,864,578	10,897,099,926	5,983,016,437*
<i>Orange Money</i>	18,518	193,831	33,000	191,440,000	1,388	803,544	4,290,879
<i>Equitel</i>	0	1,860,647	56,912,705	138,525,612,300	49,952,916	70,085,121,850	63,305,627,780
<i>Mobikash</i>	16,733	1,772,466	2,068,425	373,539,114	25,107	24,523,365	118,753,106
<i>Tangaza*</i>	1,596	503,556	-	-	-	-	-
Total	158,727	26,304,647	375,872,056	957,074,692,546	227,355,122	404,196,492,889	429,454,640,819

Source: CA, Operators' Returns * Provisional data

1.3 Mobile Number Portability

As shown in Table 3, the number of mobile in-ports declined by 8.1 per cent during the quarter under review to stand at 363 in-ports down from 395 in-ports reported last quarter. Similarly, the number of in-ports reported for the financial year under review declined substantially by 55.1 per cent to register 1,453 in-ports down from 3,236 in-ports recorded during the previous financial year.

Table 3: Mobile Number Portability

<i>Period</i>	<i>Apr-Jun 16</i>	<i>Jan-Mar 16</i>	<i>Quarterly Variation (%)</i>	<i>FY 2015/16</i>	<i>FY 2014/15</i>	<i>Annual Variation (%)</i>
<i>Number of in-ports</i>	363	395	-8.1	1,453	3,236	-55.1

Source: CA, Operators' Returns

1.4 Mobile Traffic and Usage Pattern

1.4.1 Voice Traffic

During the quarter under review, the volume of intra-network mobile voice minutes grew marginally by 0.3 per cent to stand at 9.04 billion minutes. Likewise the number of intra-network mobile voice minutes grew significantly by 24.2 per cent during the financial year under review to stand at 36.6 billion minutes up from 29.5 billion minutes posted in the previous financial year. This increase could be attributed to the various promotions offered by mobile operators to their customers during the period.

Total off net traffic decreased by 0.8 percent to stand at 1.20 billion minutes during quarter under review down from 1.21 billion minutes posted in the preceding last quarter.

Mobile to fixed network traffic grew during the quarter under review to stand at 16.0 million minutes from 15.2 million minutes posted in the last quarter. This was a growth of 5.3 per cent over the quarter. Contrary, the total mobile to fixed traffic realised a decline of 17.2 per cent to reach 67.0 million minutes down from 80.9 million minutes during 2014/2015 financial year.

There was an increase of 22.5 per cent in the total traffic originating from mobile networks during the financial year under review to post 41.6 billion minutes up from 34.0 billion minutes posted in the previous financial year. This could be attributed to increased number of mobile subscriptions as the MVNOs continue to increase their stake in market share.

Incoming traffic from other networks increased by 3.0 per cent to stand at 1.19 billion minutes up from 1.16 billion minutes posted in the last quarter. Fixed to Mobile network traffic also registered a growth of 9.5 per cent to register 10.7 million minutes up from 9.8 million minutes.

However there was a substantial decline of 56.4 per cent of fixed to mobile traffic to post 52.4 million minutes during the financial year under review down from 120.4 million minutes posted during the previous financial year.

Overall, the total traffic terminated on mobile network registered an increase of 0.6 per cent during the quarter to stand at 10.2 billion minutes up from 10.1 billion minutes registered in the previous quarter. The same trend was exhibited during the financial year under review where incoming mobile traffic increased by 21.3 per cent to post 41.5 billion minutes up from 34.2 billion minutes in the previous financial year. Table 4 shows a summary of local mobile voice traffic.

Table 4: Local Mobile Voice Traffic in Minutes

<i>Mobile Traffic</i>	<i>Apr-Jun 16</i>	<i>Jan-Mar 16</i>	<i>Quarterly Variation (%)</i>	<i>FY 2015/16</i>	<i>FY 2014/15</i>	<i>Annual Variation (%)</i>
<i>By Traffic originating (outgoing traffic)</i>						
<i>Own Network –Own Network</i>	9,047,012,486	9,021,652,848	0.3	36,695,058,937	29,554,870,078	24.2
<i>Own Network to Other Mobile Networks</i>	1,203,103,891	1,212,787,035	-0.8	4,901,169,055	4,370,097,507	12.2
<i>Mobile Network to Fixed Network</i>	16,009,429	15,201,786	5.3	67,027,299	80,925,071	-17.2
<i>Total Traffic Origination (Outgoing)</i>	10,266,125,806	10,249,641,669	0.2	41,663,255,291	34,005,892,656	22.5
<i>By Traffic terminating (incoming traffic)</i>						
<i>Own Network –Own Network</i>	9,047,012,486	9,021,652,848	0.3	36,695,058,937	29,554,870,078	24.2
<i>Other Mobile Networks to Own Network</i>	1,197,995,216	1,162,790,450	3.0	4,785,299,692	4,547,942,089	5.2
<i>Fixed Network to Mobile Network</i>	10,795,277	9,858,085	9.5	52,472,963	120,454,585	-56.4
<i>Total traffic termination (Incoming)</i>	10,255,802,979	10,194,301,383	0.6	41,521,523,453	34,223,266,752	21.3

Source: CA, Operators' Returns,

1.4.2 Voice Traffic by Operator

There were mixed trends in voice traffic per operator during the quarter under review. Safaricom Limited had its market share in voice traffic increase by 1.0 per cent to stand at 77.8 per cent in the period under review. Quarterly traffic increased to 7.9 billion minutes up from 7.8 billion posted last quarter. Though the market share dropped to 75.7 per cent in the financial year under review from 76.0 per cent in previous financial year, Safaricom Limited had its total annual voice traffic increasing to 31.4 billion minutes from 24.8 billion minutes.

Airtel Network Limited registered a decline in market share for voice traffic to stand at 13.9 per cent down from 14.5 per cent registered in the previous quarter. The total voice traffic registered

during the quarter stood at 1.42 billion minutes down from 1.48 billion minutes posted in the preceding quarter. During the financial year under review voice traffic increased to 6.3 billion minutes up from 5.4 billion minutes recorded in the previous financial year. Its voice market share declined to stand at 15.4 per cent down from 16.7 per cent posted during the last financial year.

Orange Kenya Limited lost in market share for total mobile voice traffic during the quarter under review to stand at 7.8 per cent down from 8.3 per cent registered in the previous quarter. It recorded 803.6 million minutes during the quarter under review down from 851.1 million minutes registered last quarter. However, the voice traffic for the financial year under review stood at 3.5 billion minutes up from 2.3 billion minutes in the previous financial year. Subsequently its market share for the financial year 2015/2016 increased to stand at 8.6 per cent up from 7.2 per cent posted in the preceding year.

Finserve Africa Limited that operates under the brand name, Equitel recorded total voice traffic of 47.4 million minutes during the quarter up from 39.4 million minutes posted during the previous period.

On-net and off-net voice traffic stood at 5.0 million and 42.3 million minutes respectively during the period under review. Equitel gained 0.3 percentage points in market share for mobile voice traffic to post 0.4 per cent market shares. The total traffic registered during the financial year under review increased substantially to stand at 146.5 million minutes up from 42.1 million minutes posted in the previous period.

Sema Mobile Services launched its mobile services during the financial year under review. During the quarter under review, it recorded a total of 25,376 minutes, which was an increase of 29.5 per cent from 19,597 minutes posted in the last quarter. Notably off-net traffic contributed a high proportion of voice traffic for Equitel and Sema Mobile services.

The traffic volumes for each of the mobile operators and MVNOs, and their 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>Telkom Kenya Limited (Orange)</i>	<i>Equitel (Finserve)</i>	<i>Sema Mobile</i>	<i>Total</i>
Apr-Jun 16	<i>On-net</i>	7,638,494,463	794,336,000	609,140,900	5,039,852	1,271	9,047,012,486
	<i>Off-net</i>	332,656,653	633,559,490	194,472,838	42,390,805	24,105	1,203,103,891
	Total	7,971,151,116	1,427,895,490	803,613,738	47,430,657	25,376	10,250,116,377
	<i>Market share (%)</i>	77.8	13.9	7.8	0.5	0.0	
Jan-Mar 16	<i>On-net</i>	7,521,296,800	858,674,000	637,626,512	4,053,907	1,629	9,021,652,848
	<i>Off-net</i>	338,755,322	625,144,457	213,484,044	35,385,244	17,968	1,212,787,035
	Total	7,860,052,122	1,483,818,457	851,110,556	39,439,151	19,597	10,234,439,883
	<i>Market share (%)</i>	76.8	14.5	8.3	0.4	0.0	
FY 2015/16	<i>On-net</i>	30,156,710,061	3,815,068,000	2,706,982,956	16,295,020	2,900	36,695,058,937
	<i>Off-net</i>	1,315,894,188	2,579,939,779	877,180,189	130,300,612	42,073	4,903,356,841
	Total	31,472,604,249	6,395,007,779	3,584,163,145	146,595,632	44,973	41,598,415,778
	<i>Market Share (%)</i>	75.7	15.4	8.6	0.4	0.0	
FY 2014/15	<i>On-net</i>	23,645,765,679	3,196,254,248	1,742,125,902	5,161,121	-	28,589,306,950
	<i>Off-net</i>	1,242,167,380	2,259,581,863	621,324,789	36,980,221	-	4,160,054,253
	Total	24,887,933,059	5,455,836,111	2,363,450,691	42,141,342	-	32,749,361,203
	<i>Market Share (%)</i>	76.0	16.7	7.2	0.1	-	

Source: CA, Operators' Returns,

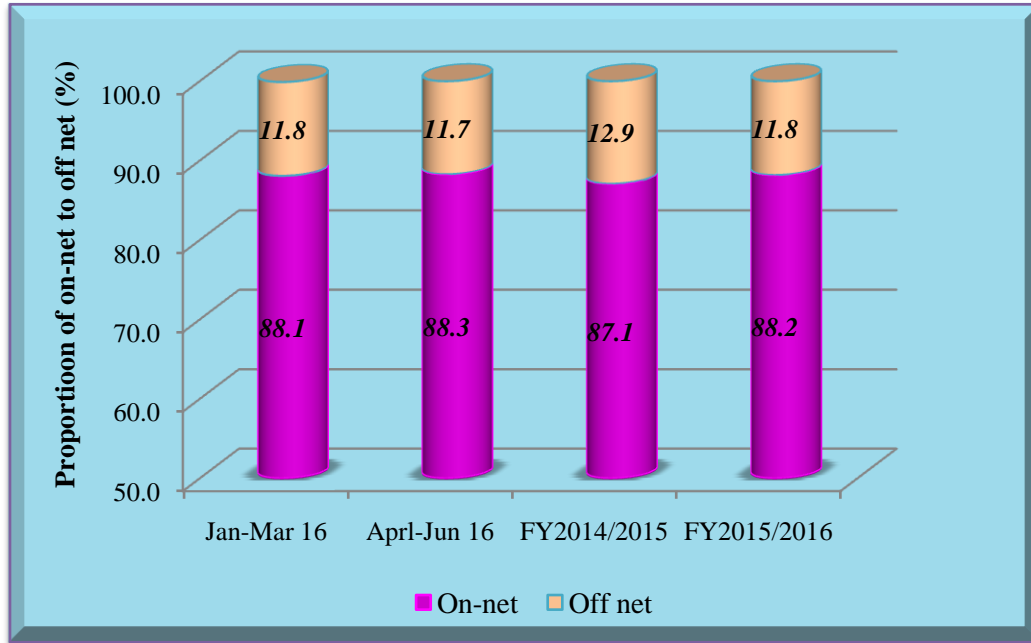
Source: CA, Operators' Returns

The proportion of on-net to off-net traffic recorded a slight change during the quarter under review. The percentage of on-net mobile traffic to total mobile traffic was recorded at 88.3 per cent, which was an increase of 0.2 percentage points when compared to that of the preceding quarter, which stood at 88.1 per cent.

During the financial year under review the proportion of on-net mobile traffic to total mobile voice traffic was recorded at 88.2 per cent, which was an increase of 1.1 percentage points from 87.1 per cent recorded in the previous financial year. The high volume of on-net traffic is mainly attributed to low calling charges applied to users calling on the same network.

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

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

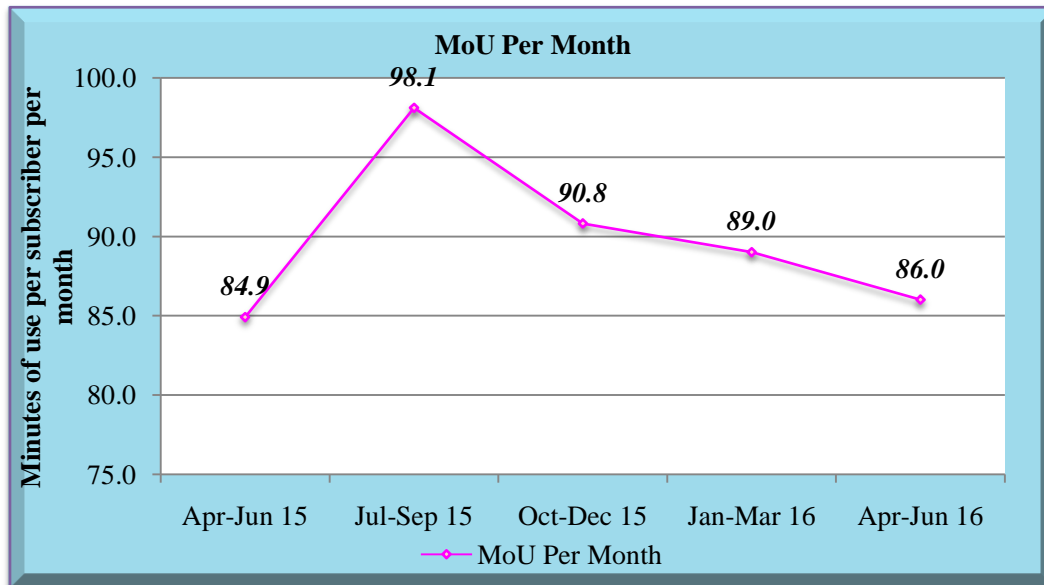


Source: CA, Operators' Returns

1.4.3 Minutes of Use

As illustrated in Figure 5, the Minutes of Use (MoU) per month per subscriber declined to 86.0 minutes during the quarter under review down from 89.0 minutes registered in the previous period.

Figure 5: Minutes of Use



Source: CA, Operators' Returns

1.4.4 Short Messaging Service

The total number of messages sent through the Short Messaging Service (SMS) during the quarter grew significantly to reach 11.6 billion messages up from 6.5 billion messages sent during the last quarter.

Safaricom Limited recorded 10.9 billion outgoing messages up from 5.8 billion sent during the preceding quarter. Its SMS market share also increased to 93.9 per cent during the quarter under review up from 89.7 per cent recorded in the previous quarter. Similarly the volume of SMS sent from its network during the financial year under review increased to 30.4 billion messages up from 25.4 billion messages sent in the previous year. This growth is as a result of the Create Your Plan Bundles SMS tariff that was introduced by the service provider during the financial year under review. This tariff allows Safaricom customers to send as many as 50 messages per day for only Ksh. 10.

Airtel Networks Limited market share in SMS traffic volume stood at 5.4 percent during the quarter under review compared to 8.8 percent posted during the previous period representing 629.6 million sent messages. During the financial year under review 2.4 billion messages were sent from the network, which represented a market share of 8.8 per cent as compared to the previous financial year where 1.5 billion messages were sent representing a market share of 5.7 per cent.

Kenya Limited recorded 68.1 million messages sent from its network, which was a drop from 72.5 million messages posted in the previous quarter. The market share for SMS traffic volume dropped to 0.6 per cent during the quarter under review down from 1.1 per cent posted last quarter. The total number of SMS sent during the financial year under review was 335.1 million compared to 343.2 million messages registered in the previous financial year. This translated to a drop of 0.3 per cent over the year.

Africa Limited recorded an increase in SMS volume during the quarter under review to post 9.0 million from 7.2 million messages recorded during the previous period. Despite this increase, its market share for SMS remained at 0.1 per cent. Over the financial year there was also an increase in the number of messages sent to stand at 28.9 million up from 15.8 million messages recorded during the previous financial year.

Sema Mobile Services recorded an increase in SMS volume to post 7,568 messages during the quarter under review up from 4,616 messages posted in the last quarter. However, its market share remained below 0.0 percent during the period under review.

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>Telkom Kenya Limited (Orange)</i>	<i>Equitel (Finserve Limited)</i>	<i>Sema Mobile</i>	<i>Total SMS</i>
Apr-Jun 16	<i>On-net</i>	10,783,021,300	313,861,872	24,749,770	1,503,292	462	11,123,136,696
	<i>Off-net</i>	126,650,756	315,796,598	43,441,178	7,585,988	7,106	493,481,626
	Total	10,909,672,056	629,658,470	68,190,948	9,089,280	7,568	11,616,618,322
	<i>Market Share (%)</i>	93.9	5.4	0.6	0.1	0.0	
Jan-Mar 16	<i>On-net</i>	5,688,865,241	311,463,284	26,421,376	566,320	475	6,027,316,696
	<i>Off-net</i>	199,144,166	267,676,699	46,159,906	6,674,006	4,141	519,658,918
	Total	5,888,009,407	579,139,983	72,581,282	7,240,326	4,616	6,546,975,614
	<i>Market Share (%)</i>	89.9	8.8	1.1	0.1	0.0	
FY 2015/16	<i>On-net</i>	29,875,265,508	1,388,567,930	112,711,413	3,409,155	937	31,379,954,943
	<i>Off-net</i>	591,450,314	1,101,696,343	222,433,265	25,502,323	11,247	1,941,093,492
	Total	30,466,715,822	2,490,264,273	335,144,678	28,911,478	12,184	33,321,048,435
	<i>Market Share (%)</i>	91.4	7.5	1.0	0.1	0.0	
FY 2014/15	<i>On-net</i>	24,984,933,994	1,004,416,240	116,496,152	1,530,335	-	26,128,831,876
	<i>Off-net</i>	489,505,623	549,338,844	226,925,767	14,302,877	-	1,314,789,854
	Total	25,474,439,617	1,553,755,084	343,421,919	15,833,212	-	27,443,621,730
	<i>Market Share (%)</i>	92.8	5.7	1.3	0.1	-	

Source: CA, Operators' Returns,

1.4.5 Roaming Traffic

Roaming-out³ voice traffic stood at 34.6 million minutes with roaming traffic within EAC countries contributing 91.0 per cent equivalent to 31.5 million minutes, whereas non-EAC countries contributed 3.1 million minutes. In the same way, the total number of roaming out messages was registered at 9.4 million with EAC countries contributing 5.5 million messages. The total roaming out data/internet traffic stood at 2.8 million MB.

Roaming- in⁴ voice traffic registered a total of 32.0 million minutes during the period under review with EAC countries contributing 84.1 per cent equivalent to 26.9 million minutes and non-EAC countries contributing 5.1 million minutes. Similarly, the total number of roaming out messages was registered at 13.7 million messages with EAC countries contributing 7.3 million messages. The roaming in data traffic stood at 10.2 million MB. Since the implementation of the One Network Area initiative within EAC, there has been significant growth in roaming voice and SMS traffic.

The trends on roaming traffic are indicated in Table 7.

³ Roaming out is traffic originated and terminated by subscribers of national networks as users of foreign networks abroad.

⁴ Roaming in is traffic originated and terminated by foreign subscribers as users of local network.

Table 7: Roaming Traffic

Name of Country	Apr-Jun 16					
	Roaming Out (Own Subscribers)			Roaming In (Foreign Subscribers)		
	Voice	SMS	Data (MB)	Voice	SMS	Data (MB)
<i>Uganda</i>	20,647,781.7	3,521,587.0	660,670.8	13,744,492.0	3,765,404.0	206,945.0
<i>Tanzania</i>	5,628,863.0	1,562,868.0	610,195.2	2,065,589.0	3,074,653.0	257,318.0
<i>Rwanda</i>	1,751,611.6	355,031.0	161,626.8	5,908,959.0	272,903.0	101,260.0
<i>Burundi</i>	20,386.0	22,887.0	2,211.0	13,440.0	17,171.0	579.0
<i>S. Sudan</i>	3,505,184.4	38,699.0	38,699.0	5,251,038.0	235,385.0	786.0
<i>Sub-totals</i>	31,553,826.8	5,501,072.0	1,473,402.7	26,983,518.0	7,365,516.0	566,888.0
<i>Others</i>	3,139,177.0	3,972,860.0	1,390,921.9	5,092,203.0	6,430,410.0	9,641,619.0
<i>Totals</i>	34,693,003.8	9,473,932.0	2,864,324.6	32,075,721.0	13,795,926.0	10,208,507.0

Source: CA, Operators' Returns.

1.4.6 International Mobile Traffic

International incoming voice traffic increased significantly during the quarter under review to stand at 277.4 million minutes up from 148.7 million minutes reported in the previous quarter. Traffic originating from EAC countries contributed 91.2 million minutes. The total international incoming traffic for the financial year under review increased by 17.9 per cent to stand at 742.4 million minutes up from 629.5 million minutes recorded in the previous financial year.

International outgoing traffic dropped by 0.6 per cent to stand at 119.1 million minutes. Traffic to EAC countries increased during the quarter under review to post 41.3 million minutes up from 38.2 million minutes posted in the previous period. On the other hand traffic to other countries registered a decline of 4.7 per cent to post 77.8 million minutes during the quarter. The total international outgoing traffic registered a growth of 2.9 per cent to stand at 485.3 million minutes up from 471.4 million minutes posted in the previous financial year.

The total number of messages received from other countries stood at 9.8 million during the period under review up from 9.7 million messages reported in the previous period. The number of international SMS received throughout the financial year dropped significantly to reach 41.9 million down from 166.2 million messages recorded in previous financial year.

International outgoing messages declined to 6.6 million during the quarter under review from 10.3 million messages sent in the previous quarter. Similarly, international SMS volume for the financial year under review dropped by 17.8 per cent to stand at 35.8 million messages.

International Voice and SMS traffic is indicated in Table 8.

Table 8: International mobile Traffic

Traffic	Region	Apr-Jun 16	Jan-Mar 16	Quarterly Variation (%)	FY 2015/16	FY 2014/15	Annual Variation (%)
International Incoming Mobile Voice Minutes	EAC	91,275,596	46,446,883	96.5	248,105,807	136,590,488	81.6
	Others	186,128,088	102,278,066	82	494,376,098	492,986,002	0.3
	Total	277,403,684	148,724,949	86.5	742,481,905	629,576,490	17.9
International Outgoing Mobile Voice Minutes	EAC	41,324,570	38,233,826	8.1	158,442,938	110,796,393	43
	Others	77,800,378	81,636,164	-4.7	326,908,303	360,687,247	-9.4
	Total	119,124,948	119,869,990	-0.6	485,351,241	471,483,639	2.9
International Incoming Mobile SMS		9,840,723	9,780,677	0.6	41,936,811	166,239,535	-74.8
International Outgoing Mobile SMS		6,637,298	10,353,784	-35.9	35,883,986	43,648,519	-17.8

Source: CA, Operators' Returns

1.5 Mobile Revenue and Investments

During the financial year 2015/16, annual mobile revenue grew by 24.5 per cent to stand at 214.8 billion Kenya Shillings whereas mobile investments grew substantially by 62.5 per cent to reach 52.2 billion Kenya Shillings as summarized in Table 9.

Table 9: Mobile Revenue and Investment

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

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

1.6 Employment in the Mobile Service Industry

During the financial year 2015/2016, the number of staff in mobile industry grew by 0.5 percent to stand at a total of 6,178 staff as shown in Table 10.

Table 10: Staff in Mobile Sector

Staff	Jun-16	Jun-15	Jun-14	Jun-13	Jun-12	Jun-11	Variation (%) Over 2015	Variation (%) Over 2014	Variation (%) Over 2013	Variation (%) Over 2012	Variation (%) Over 2011
<i>Male Staff</i>	3,383	3,549	3,795	3,535	3,489	3,769	-4.7	-6.5	7.4	1.3	-7.4
<i>Female Staff</i>	2,795	2,598	2,644	2,082	2,053	2,058	7.6	-1.7	27	1.4	-0.2
<i>Total Staff</i>	6,178	6,147	6,439	5,617	5,542	5,827	0.5	-4.5	14.6	1.4	-4.9

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



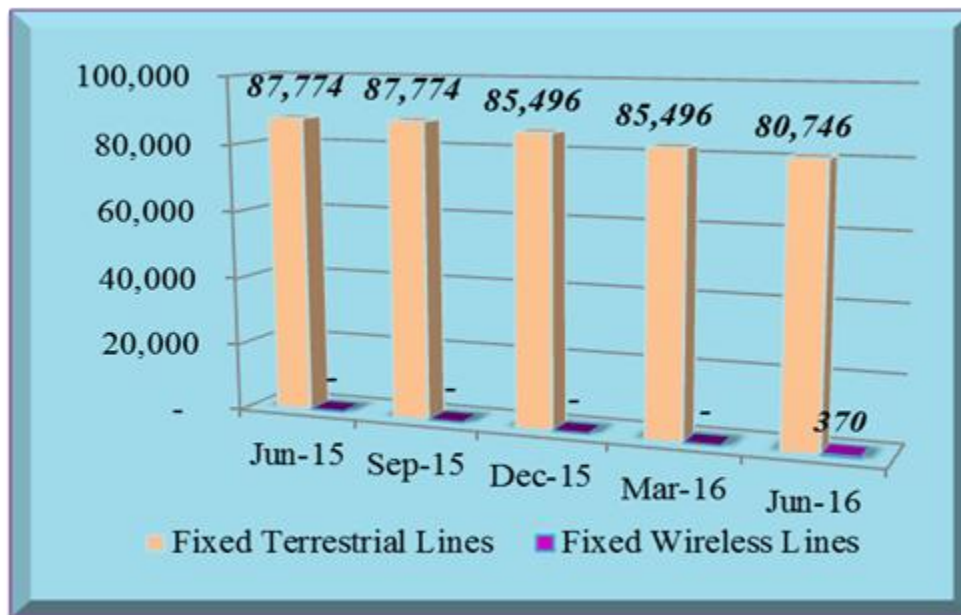
2 FIXED TELEPHONE SERVICE

2.1 Fixed Network Subscriptions

During the quarter under review the total number of fixed network subscriptions was recorded at 81,116. The major highlight of the quarter was the launch of fixed wireless service by Safaricom Limited which posted 370 subscriptions. However, the number of fixed lines maintained a downward trend to post 80,746 subscriptions during the period under review from 85,496 subscriptions posted last quarter.

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

Figure 6: Fixed Network Subscriptions



Source: CA, Operators Returns.

2.2 Fixed Network Traffic

The volume of fixed network traffic was recorded at 578,450 minutes during the quarter under review. Safaricom Limited launched fixed wireless service during the period under review and recorded 218,934 minutes. This saw the return of fixed wireless network after Telkom Kenya decommissioned CDMA in FY2014/2015.

Fixed to fixed network traffic dropped significantly by 36.1 per cent to register 359,516 minutes during the quarter under review. Nevertheless, the traffic recorded during the financial year increased by 26.2 per cent to stand at 2.0 million up from 1.5 million minutes registered in the last financial 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 16</i>	<i>Jan-Mar 16</i>	<i>Quarterly Variation (%)</i>	<i>FY 2015/16</i>	<i>FY 2014/15</i>	<i>Annual Variation (%)</i>
<i>Intra-network traffic</i>						
<i>Fixed-fixed</i>	359,516	562,486	-36.1	2,005,986	1,588,435	26.2
<i>Fixed Wireless-fixed wireless</i>	218,934	-	-	218,934	13,297,736	-98.3
<i>Inter-network traffic</i>						
<i>Inter-fixed networks</i>	-	-	-	-	98,777,990	-
<i>Total Local Fixed network traffic</i>	578,450	562,486	2.8	1,646,470	113,664,161	-98.5

Source: CA, Operators' Returns

Fixed voice network traffic incoming from other countries increased by 35.2 per cent during the quarter review to post 1.5 million minutes up from 1.1 million minutes posted last quarter. The volume of international incoming traffic recorded for the financial year stood at 7.4 million minutes down from 10.5 million minutes posted in the previous financial year.

During the quarter under review, international outgoing fixed network traffic increased marginally by 1.4 per cent to 2.3 million minutes. However, there was a general decline of 30.8 per cent from 13.3 million minutes to 9.2 million minutes when compared to the previous financial year.

The number of international outgoing VoIP minutes registered a remarkable increase of 174.5 per cent to stand at 1.4 million minutes up from 539, 689 minutes registered in the previous quarter. There was a decline of VoIP minutes originating from the country to other countries during the financial year by 42.9 per cent to stand 3.0 million minutes from 5.3 million minutes posted in the last financial year.

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 16</i>	<i>Jan-Mar 16</i>	<i>Quarterly Variation (%)</i>	<i>FY 2015/16</i>	<i>FY 2014/15</i>	<i>Annual Variation (%)</i>
<i>International Incoming Fixed Network Voice traffic</i>	1,590,287	1,176,034	35.2	7,483,318	10,598,469	-29.4
<i>International Outgoing Fixed Network Voice traffic</i>	2,393,906	2,360,259	1.4	9,269,611	13,398,004	-30.8
<i>International Outgoing Fixed Network VoIP traffic</i>	1,481,345	539,689	174.5	3,048,325	5,346,703	-42.9

Source: CA, Operators Returns.

3 DATA/INTERNET SERVICE

3.1 Data/Internet Service

The total number of internet/data subscriptions stood at 26.8 million during the quarter under review up from 24.8 million subscriptions registered in the previous quarter marking a growth of 8.2 percent. Consequently the number of data/ internet users grew by 0.8 per cent to stand at 37.7 million up from 37.4 million subscriptions recoded last quarter. The total number of internet/data subscriptions and users has grown by 35.0 and 27.1 per cent respectively when compared to the same period of the previous year.

The data/internet market in the country continued to register remarkable growth. This growth was mainly attributed to increased adoption of data/internet-enabled mobile phones supported by expansion of 3G networks.

Mobile data/ Internet subscriptions stood at 26.7 million during the quarter marking an increase of 8.3 per cent from 24.7 million subscriptions posted in the preceding quarter. The number has grown remarkably by 35.0 per cent from the same period of the previous year.

Terrestrial wireless data subscriptions declined during the quarter under review to stand at 13,449 subscriptions down from 13,792 subscriptions recorded in the previous period. In relation to the same period of previous year, a drop of 24.1 per cent was recorded.

Satellite subscriptions also dropped by 6.4 per cent to stand at 280 subscriptions down from 299 subscriptions registered in the preceding quarter. When compared to the same period of the previous financial year, a decline of 55.9 per cent was recorded.

Fixed DSL subscriptions grew by 3.4 per cent during the quarter to stand at 3,061 subscriptions. A similar trend was observed over the financial year where the number of subscriptions increased by 17.9 per cent from 2,597 recorded in the previous financial year.

During the quarter under review, the number of fibre optic subscriptions declined substantially to register 27,571 subscriptions down from 122,437 subscriptions recorded during the last quarter representing a decrease of 77.5 percent over the period. When compared to the same period of the previous year, a substantial drop of 70.5 percent was reported which was mainly attributed to the revision of fibre optic and fixed cable modem subscriptions by Wananchi Group Limited.

Conversely, fixed cable modem subscriptions posted a significant growth of over 30 folds to post 77,319 subscriptions up from 25 subscriptions recorded in the previous quarter. The same percentage growth was realized when compared to same period of the previous year. This significant growth of subscriptions is also attributed to the revision of data on fibre optic and fixed cable modem subscriptions by Wananchi Group Limited.

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-16</i>	<i>Mar-16</i>	<i>Quarterly Variation (%)</i>	<i>Jun-15</i>	<i>Annual Variation (%)</i>
<i>Total Internet Subscriptions</i>	26,880,471	24,848,065	8.2	19,924,285	35.0
<i>Mobile Data Subscriptions</i>	26,758,789	24,708,551	8.3	19,809,709	35.0
<i>Terrestrial Wireless Data Subscriptions</i>	13,449	13,792	-2.5	17,721	-24.1
<i>Satellite Data Subscriptions</i>	280	299	-6.4	635	-55.9
<i>Fixed DSL Data Subscriptions</i>	3,063	2,961	3.4	2,597	17.9
<i>Fixed Fibre Optic Data Subscriptions</i>	27,571	122,437	-77.5	93,598	-70.5
<i>Fixed Cable Modem Subscriptions</i>	77,319	25	3,091.76	25	3,091.76
<i>Total Internet Users⁵</i>	37,716,579	37,418,671	0.8	29,672,419	27.1

Source: CA, Operators' Returns

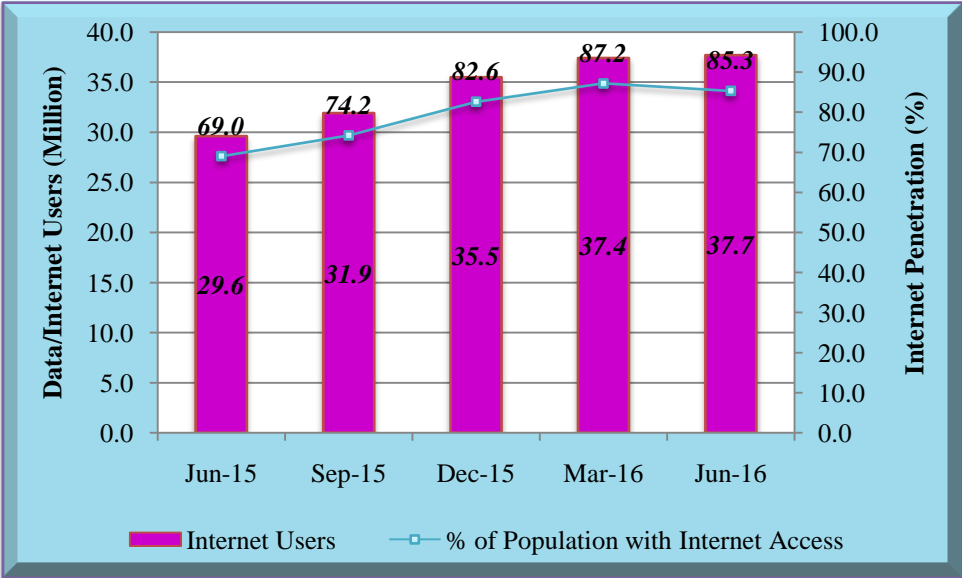
4. Total no. of Internet users = (1MD+10TW+100FFOS) where MD is the number of mobile data/internet subscriptions; TW is the terrestrial wireless subscriptions; and FFOS by 100 is fixed DSL, Fibre optic and satellite subscriptions. There is no scientific method of estimating internet users; for the purpose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

Internet/data penetration was recorded at 85.3 per cent during the quarter under review down from 87.2 per cent recorded in the previous quarter year. This decrease is attributed to the revision of the base population figure used in the computation of penetration from 43.0 million to 44.2 million in line with the Economic Survey 2016.

However, there was a remarkable increase of 16.3 per cent in Internet penetration during the financial year under review when compared to the previous financial year.

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

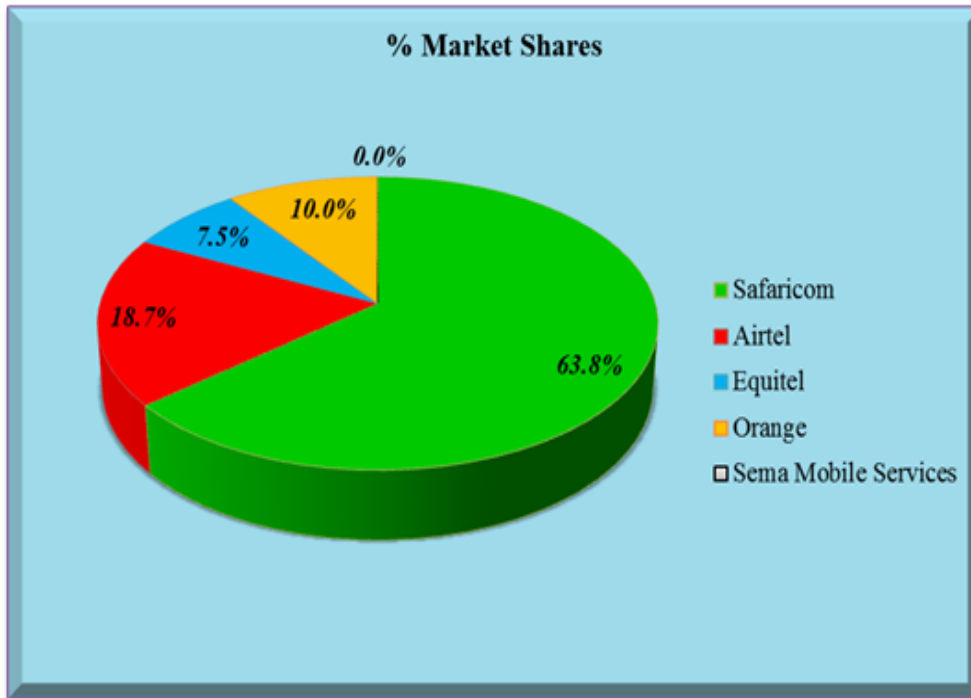
Figure 7: Estimated Number of Internet Users



Source: CA, Operators’ Returns. Penetration has been computed using the latest population figure of 44.2 million as per Economic Survey 2016

At the end of financial year 2015/16, Safaricom Limited recorded the highest market share for mobile data/internet subscriptions standing at 63.8 per cent. Airtel Networks Limited and Orange Kenya Limited market shares stood at 18.7 per cent and 10.0 per cent respectively while Finserve Limited was recorded at 7.5 per cent. Sema Mobile Services, an MVNO launched its services during the financial year.

Figure 8: Mobile/Data Subscriptions



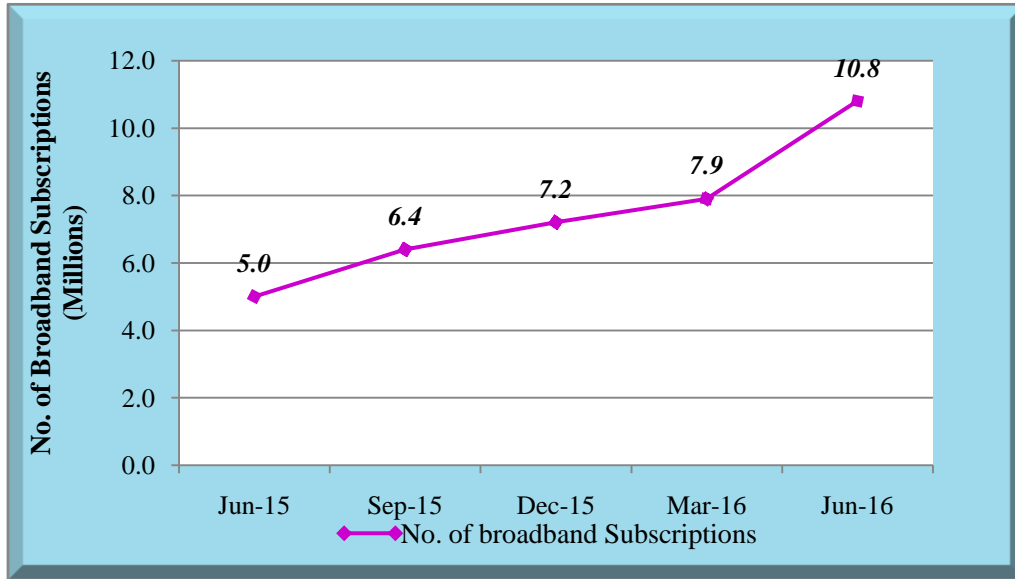
Source: CA, Operators' Returns

3.2 Broadband Services

3.2.1 Data / internet broadband subscriptions

As shown in figure 9, the number of broadband subscriptions increased remarkably by 36.7 per cent during the fourth quarter to reach 10.8 million subscriptions up from 7.9 million subscriptions recorded in the preceding quarter. This resulted to broadband penetration level of 24.5 per cent. The increase in broadband subscriptions is attributed to high uptake of Internet enabled mobile phones that are affordable and readily available in the market.

Figure 9: Broadband Subscriptions



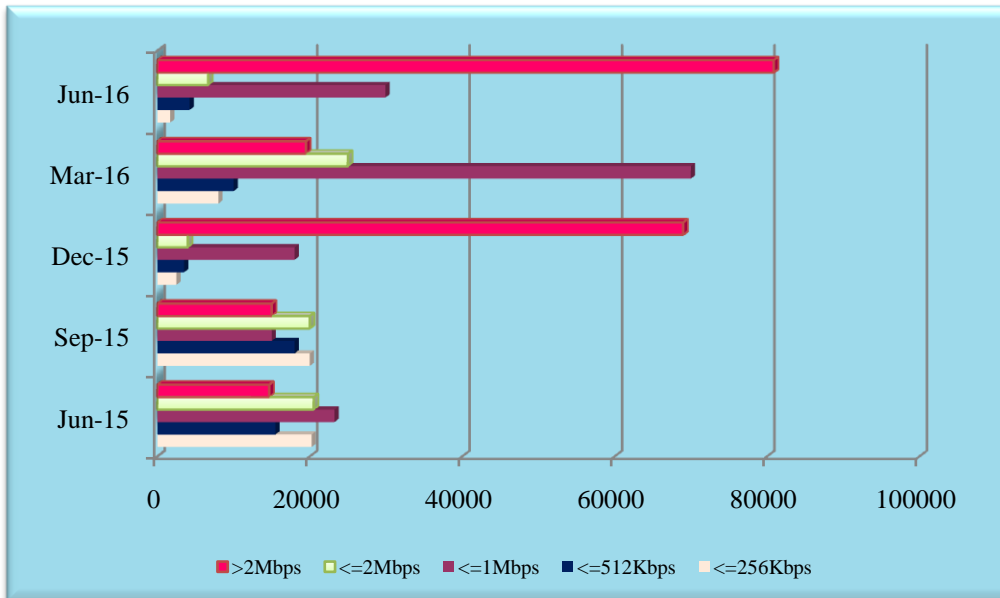
Source: CA, Operators' Returns

3.2.2 Broadband subscriptions by Speed

As shown in Figure 10, broadband speeds greater than 2 Mbps 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

The total international Internet bandwidth available in the country (Lit/Equipped capacity) was recorded at 1.7 million Mbps during the quarter under review up from 1.6 million Mbps recorded last quarter. This marked an increase of 3.7 percent when compared to the same period of the previous financial year.

Satellite capacity declined by 9.3 per cent during the period to reach 475.13 Mbps down from 524.0 Mbps recorded in the previous quarter.

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

Table 14: International Internet Available Bandwidth (Mbps)

<i>International Connectivity Bandwidth</i>	<i>Jun-16</i>	<i>Mar-16</i>	<i>Quarterly Variation (%)</i>	<i>Jun-15</i>	<i>Annual Variation (%)</i>
<i>SEACOM</i>	950,000	870,000	9.2	770,000	23.3
<i>TEAMS</i>	702,000	702,000	0.0	820,000	-14.4
<i>Telkom Kenya Limited (EASSY)</i>	39,060	39,060	0.0	39,063	0.0
<i>Lion 2</i>	39,210	39,210	0.0	39,220	0.0
<i>Satellite Internet Bandwidth</i>	475.13	524	-9.3	278.00	70.9
<i>Total International Internet Bandwidth (Mbps)</i>	1,730,745.43	1,650,794	4.9	1,668,561	3.7

Source: CA, Operators' Returns

During the quarter under review, total used bandwidth grew slightly by 1.9 percent to reach 877,775.43 Mbps up from 861,719.9 Mbps recorded in the preceding quarter. Similarly, total Internet connectivity registered a yearly growth of 11.2 per cent. The amount of undersea cable bandwidth used stood at 877,300 Mbps while used Satellite bandwidth capacity was recorded at 475.43 Mbps during the period.

The amount of leased satellite bandwidth increased considerably by 157.3 per cent during the financial year under review to reach 475.43 Mbps up from 184.78 Mbps recorded in the last financial year.

The trend in international Internet connectivity (used) bandwidth is shown in Table 15.

Table 15: International Internet Connectivity Bandwidth (Mbps)

<i>International Leased (Used) Bandwidth</i>	<i>Jun-16</i>	<i>Mar-16</i>	<i>Quarterly Variation (%)</i>	<i>Jun -15</i>	<i>Annual Variation (%)</i>
<i>International Undersea Internet Connectivity Bandwidth (Mbps)</i>	877,300	861,300	1.9	788,300.00	11.2
<i>International Satellite Internet Connectivity Bandwidth</i>	475.43	419.9	13.2	184.78	157.3
<i>Total International Internet Connectivity Bandwidth (Mbps)</i>	877,775.43	861,719.9	1.9	788,484.78	11.2

Source: CA, Operators' Returns

3.4 Revenue and Investment in the Data/Internet Market

The data/internet revenue for financial year 2015/16 stood at 8.4 billion Kenya Shillings while investments were recorded at 2.3 billion Kenya shillings.

Table 16: Data/Internet Revenue and Investment

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

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

3.5 REGISTERED DOMAIN NAMES

The number of .KE domain names as at 30th June 2016 was recorded at 58,206 representing a growth of 18.0 per cent during the 2015/2016 financial year.

Table 17: Number of Domain names

Sub-domain	Use	Jun-16		Jun-15	
		No. of Domains	Percentage (%)	No. of Domains	Percentage (%)
CO.KE	Companies	53,990	92.76	43,972	92.18
GO.KE	Government Entities	368	0.63	332	0.7
OR.KE	Non Profit Making Organizations	1,759	3.02	1496	3.14
AC.KE	Institutions of Higher Education	791	1.36	885	1.86
SC.KE	Lower and Middle Level Institutions	605	1.04	184	0.39
NE.KE	Personal Websites and E-mail	182	0.31	105	0.22
ME.KE	Personal Websites and E-mail	337	0.58	566	1.19
MOBI.KE	Mobile Content	46	0.08	51	0.11
INFO.KE	Information	128	0.22	113	0.24
Total		58,206	100	47,704	100

Source: Kenya Network Information Centre (KeNIC)

4 BROADCASTING

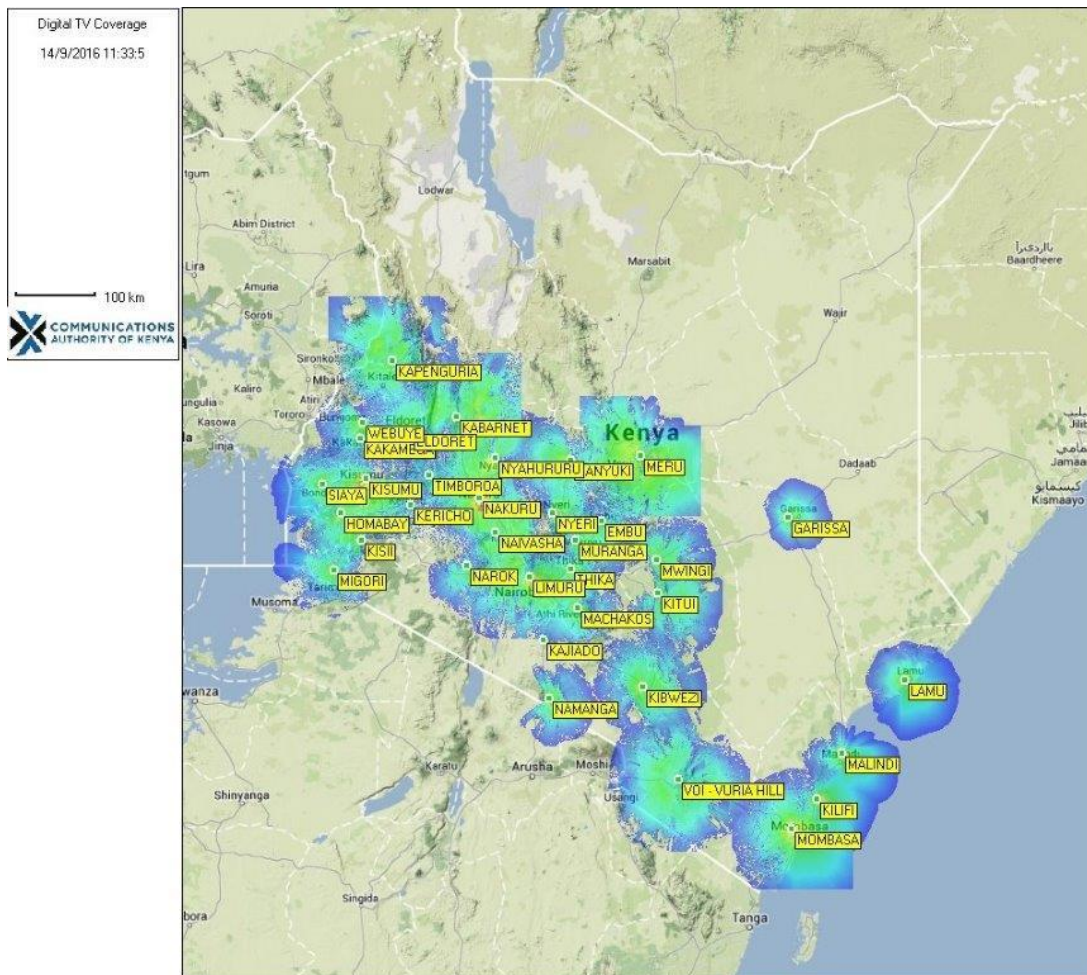
4.1 Digital Television.

At the end of financial year 2015/16 the number of free-to-air TV channels on the digital terrestrial platform stood at 63 while the number of pay TV service providers on the Digital Terrestrial Television (DTT) platform remained as two (GoTV and StarTimes).

4.2 Digital Terrestrial Television sites rollout.

The digital signal currently covers 60 per cent of the Kenyan population. The signal is available in; Nairobi, Nakuru, Nyeri, Mombasa, Kisumu, Webuye, Eldoret, Malindi, Meru (Nyambene), Kisii, Kericho, Narok, Nyahururu, Embu, Kisii, Machakos, Murang'a, Naivasha, Nyeri, Webuye, Narok, Mbuinza, Kapenguria, Wajir, Kitui, Lamu and Namanga.

Figure 11: Digital TV Coverage



4.3 Set top Boxes.

The number of digital Set Top Boxes purchased during the financial year under review stood at 3,043,944 Pay TV and 95,493 for Cable TV.

4.4 FM Radio Stations

As at 30th June 2016, the number of FM stations in the country stood at 139 stations.

5



POSTAL AND COURIER SERVICES

5.1 Postal and Courier Traffic

Postal and courier traffic registered mixed trends during the quarter under review. The number of letters posted locally increased substantially by 29.2 per cent to reach 16.6 million letters up from 12.8 million letters posted last quarter. Throughout the financial year under review, 60.0 million letters were sent which marked an increase of 1.0 percent from FY 2014/2015.

The number of courier items sent during the period increased by 8.0 per cent to record 1.4 million items from 1.3 million items sent last quarter. The total courier items sent during FY 2015/2016 increased to 3.8 million items from 2.5 million recorded in the previous year.

The number of letters received from other the countries dropped slightly by 0.5 percent to stand at 2.07 million during the quarter under review. Similarly, the same trend was experienced during financial year under review where 9.5 million letters were received as compared to 8.8 million letters received in FY 2014/2015.

Letters posted to other countries dropped by 27.2 percent to reach 1.3 million during the quarter. However, the Financial Year 2015/16 posted a remarkable increase of 58.4 per cent to register 8.3 million letters up from 5.2 million letters sent in the previous year.

Table 18: Postal and Courier Traffic

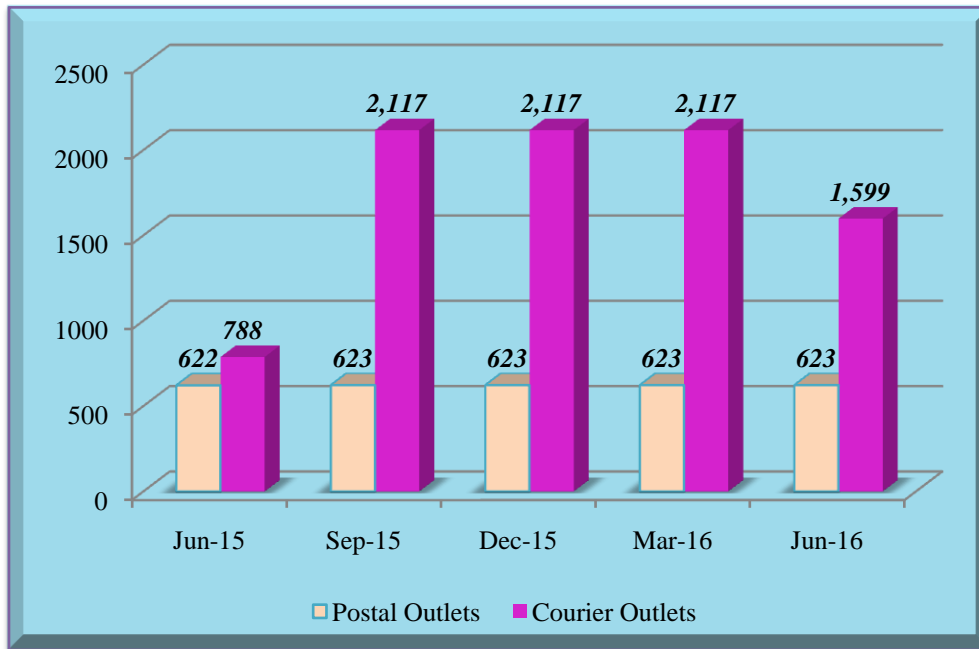
<i>Post and Courier Traffic</i>	<i>Apr-Jun 16</i>	<i>Jan-Mar 16</i>	<i>Quarterly Variation (%)</i>	<i>FY 2015/16</i>	<i>FY 2014/15</i>	<i>Annual Variation (%)</i>
<i>Number of Letters (Up to 350 gms) Posted Locally</i>	16,615,196	12,855,103	29.2	60,072,233	59,472,262	1.0
<i>Total Courier Items Sent Locally</i>	1,443,704	1,336,821*	8.0	3,832,946	2,564,899	49.4
<i>International Incoming Letters (Up to 350 gms)</i>	2,075,046	2,084,672	-0.5	8,889,643	9,582,486	-7.2
<i>International Outgoing Letters (Up to 350 gms)</i>	1,371,214	1,885,891	-27.2	8,366,623	5,269,992	58.4

*Source: CA, Operators' Returns, Revised data from Roy parcel**

5.2 Number of Postal and Courier Outlets

At the end of the financial year 2015/2016 the number of postal outlets stood at 623 while the courier outlets were recorded at 1,599. The decline of number of courier outlets was a result of deregistration of non-compliant Courier operators.

Figure 12: Number of Postal and Courier Outlets



Source: CA, Operators' Returns

5.3 Postal and Courier Revenue and Investments

During the year 2015, the total revenues recorded by the postal and courier sector declined by 43.7 percent to post 4.8 billion shillings compared to 8.5 billion posted in the FY 2014/15. The total investments also experienced a decline of 17.6 percent during the year 2015 to record 327 million Kenya Shillings down from 397 million shillings recorded in 2014.

Table 19: Postal and Courier Revenue and Investments

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

Source: CA, Operators' Returns

6 TARIFFS, PROMOTIONS & SPECIAL OFFERS

The Authority received 21 applications for promotions, special offers, and tariffs during the fourth quarter of financial year 2015/16. All applications were reviewed and approved accordingly. Table 20 shows the tariffs introduced by the mobile operators.

Table 20: Tariffs

Service provider	<i>Apr - Jun 16</i>					
	Voice	SMS	Data	Bundle	Others	Total
Safaricom	-	1	1	3	1	6
Airtel	-	-	-	2	2	4
Equitel	-	-	-	-	-	-
Total	-	1	1	5	3	10

Table 21, gives the breakdown of the promotions and special offers per operators that were offered during the quarter under review

Table 21: Promotions and Special Offers

Service provider	<i>Apr - Jun 16</i>					
	Voice	SMS	Data	Bundle	Others	Total
Safaricom	2	-	3	2	1	8
Airtel	-	-	-	1	1	2
Equitel	-	-	1	-	-	1
Total	2	-	4	3	2	11

7 CONCLUSION

The financial year 2015/2016 experienced a positive growth in mobile telephony. The number of mobile subscriptions continues to increase remarkably and this can be attributed to increased market entry by MVNO's and expansion of mobile network infrastructure by the service providers.

It is important to note that based on the Access Gap Report released early in the year, 94.4 per cent of the Kenyan population is covered by a mobile network. This is also as a result of increased demand for mobile Value Added Services such as mobile information services, mobile transaction services and mobile entertainment services by the consumers. Mobile operators have in return invested in the development of such services in order to grow their revenues.

The mobile network is expected to expand further during the next financial year following the commencement of Universal Service Fund projects, which include the rolling out of mobile network in 202 sub-locations.

The quarter under review was marked by the launch of fixed wireless services by Safaricom Limited after Telkom Kenya decommissioned its fixed voice wireless services during the previous financial year.

Data/Internet segment in the country has recorded a growth over a period of time now. The expansion of third generation network coupled with availability of affordable data/ internet enabled phones has boosted the growth of data/ internet market. The sub-sector is expected to realise a massive growth in subsequent quarters as the institutions moves to offer services to the citizens on e-platform. Data/internet penetration is expected to increase in the next financial year as a result of the USF project on school broadband connectivity.

The postal and courier segment realized mixed trends during the quarter under review. The number of courier outlets declined during the quarter under review. This declined was mainly a result of deregistering of some non-compliant courier operators. The numbers of letters sent and received is likely to increase in the coming financial year as a result of the launch of mobile-based services connecting its physical letterboxes to consumers' mobile phones (MPost) by the Postal Corporation of Kenya (PCK).