

Africa accounts 10% world mobile subscriptions

CAPE TOWN: The number of active mobile subscriptions in Africa crossed the half-a-billion mark in the third quarter of 2010 to reach 506 million at the end of September, according to research by Informa Telecoms & Media. Africa accounted for 10% of the world's mobile subscriptions and was one of the world's fastest-growing regions with the subscription numbers increasing 18% over the year.



The increase, according to Informa Telecoms & Media, is as a result of the still low mobile penetration rate on the continent as well as the demand for new services, such as mobile internet access, that increases the need for telecoms connectivity.

"Although the rate of growth in mobile subscriptions in Africa will slow as markets mature, the continent continues to offer great opportunities for investors in the voice segment in under-penetrated markets and also in the non-voice segments with mobile broadband and mobile-money services taking off," says Theodor Mbongue, Johannesburg-based senior analyst at Informa Telecoms & Media.

"By 2015, there will be 265 million mobile broadband subscriptions in Africa, a huge increase from the current figure of about 12 million, and accounting for 31.5% of the total of 842 million mobile subscriptions that the continent will have in five years' time, according to forecasts by Informa Telecoms & Media. There will be almost 360 million users of mobile-money services on the continent by 2014."

Low penetration in rural areas

The mobile revolution that has swept through Africa has made mobile telephony widely available but there are still substantial under-served markets - in rural areas the rate of mobile penetration is typically below 10%, for example.

The landing of a series of new submarine cables on both the East and West coasts of Africa over the past 18 months has given the continent a good level of international connectivity for the first time, and has greatly expanded the opportunities for data services.

However, terrestrial backhaul threatens to become the next bottle-neck, and must be extended if the benefits of the new connectivity are to be made widely available and in particular reach rural communities and countries in the interior of the continent.

The rate of household broadband penetration in Africa was just 2.5% in the first quarter of 2010, so Africa's broadband has a long way to go if it is to emulate the mobile revolution that has already swept through much of the continent.

Key mobile players in Africa

The past year has seen a big change in the line-up of key players in the African mobile market, with the sale of Zain Africa - one of the biggest pan-African players with 15 operations on the continent - to Bharti Airtel India. Airtel, which is poised for the formal launch of its services in Africa, is expected to introduce elements of its Indian operating model, including its extensive use of outsourcing as a means of maximising efficiency. Airtel has also set out major network-expansion plans in Africa.

Nigeria, Africa's most populous country, is also its largest mobile market, accounting for 16% of the continent's mobile subscriptions. Egypt and South Africa are the second and third largest mobile markets on the continent. Nigeria, Egypt, Morocco, Tanzania and Zimbabwe together accounted for 48% of the 54 million net additions to Africa's mobile subscription market over the nine months to September.

Over the coming five years, the strongest growth rates in mobile subscriptions are expected to be recorded mainly in East and Central African markets, with Ethiopia, DR Congo, Eritrea and Madagascar forecast to see mobile subscription numbers increase by more than 100% by 2015. Africa's first mobile network was launched in Tunisia in 1985, so 2010 marks the twenty-fifth anniversary of mobile telephony on the continent.

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