



PosTel 2009
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IN POSTAL AND TELECOMMUNICATION TRAFFIC

IMPACT OF REGULATION
ON THE COMPETITIVENESS OF TELECOM
MARKET IN BOSNIA AND HERZEGOVINA

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Regulatorna agencija za komunikacije
Regulatorna agencija za komunikacije
Communications Regulatory Agency



IMPACT OF REGULATION ON COMPETITIVENESS
OF TELECOM MARKET IN B&H

Topics:

- Role of regulation**
- Interconnection regime**
- Analysis of the Porter's five forces**
- Competitiveness / Customers**
- Future steps of regulation**
- Messages**





Role of Regulation

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- ❑ EU - Strong internal market regulatory framework
- ❑ Regulation has different roles:
 - ❑ Milestone for economy
 - ❑ Attracting private investment (FDI)
 - ❑ Establishment of the new ICT society



Role of Regulation

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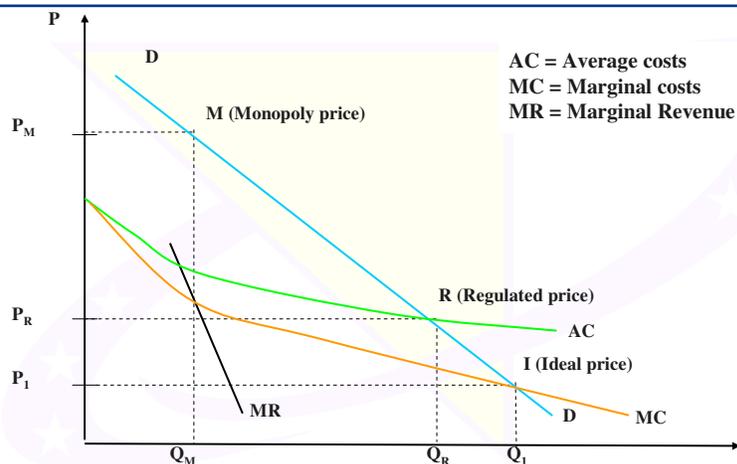


Figure 1: Ideal and real regulation of monopoly





Interconnection Regime

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- ❑ **Interconnection rule – 2002**
- ❑ **Guideline to setting up interconnection – 2002**
- ❑ **RIOs – 2005, 2007 and January 2010**
 - ❑ **Fixed termination rates – reduction 10 – 15 %**
 - ❑ **Termination rate fixed-mobile – reduction 37 %**
 - ❑ **CS and CPS services – reduction 10 %**



Interconnection Regime

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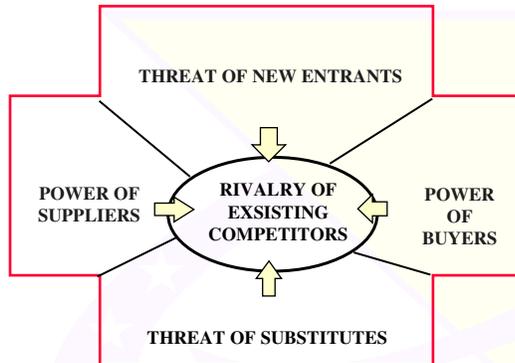
- ❑ **Interconnection agreements (15)**
- ❑ **License for public fixed telephone services (9)**
- ❑ **Rule on LLU – July 2008**
- ❑ **RUOs – Entry into force in January, 2010**





Analysis of the Porter's five forces

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Mutual strengths of 5 forces determine the basic profit potential of telecom sector

Strongest competitive forces determine profitability of the sector

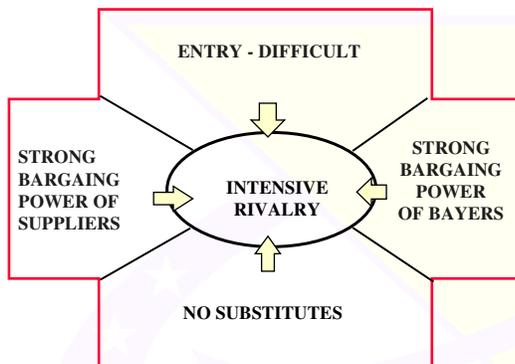
Stable competitive structure - greater profitability

Figure 2: Model of Porter's five forces



Model of Porter's five forces

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B&H telecom market 2012:

Increased the intensity of competition

Accelerators competition - new entries and rivalry between existing operators

Benefits for customers

Figure 3: Analysis of the five forces on the B&H telecom market





Competitiveness and Customers

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- Competitiveness – benefits for customers**
 - Reduce of prices
 - Increase of range of services offers
 - Increase of penetration rate
 - Better companie’s market orientation

- Grow of demand for telecom services**
 - New companies
 - Promotion of inovation
 - Allocation costs of services by all segments



Future Steps of Regulation

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Main goals of Telecom Sector Policy (2008-2012):

- Number portability – I/Q 2010**
- Tariff rebalancing – 1/1/2010**
- MVNO – in 2010**
- Market analysis – in 2010**
- Follow a new regulatory trends**





Future Steps of Regulation

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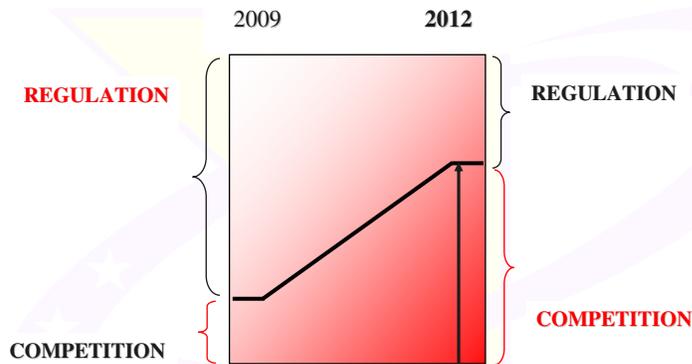


Figure 4: Projection of regulation and competition on the B&H telecom market



Messages

- Encourage the competition and market forces
- Implementation of the Telecom sector policy
- Liberalisation of mobile market – MVNO
- Start to minimize the regulation
- Move to ex post regulation
- Cooperation with Council of Competition of B&H





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Thank you for your attention

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