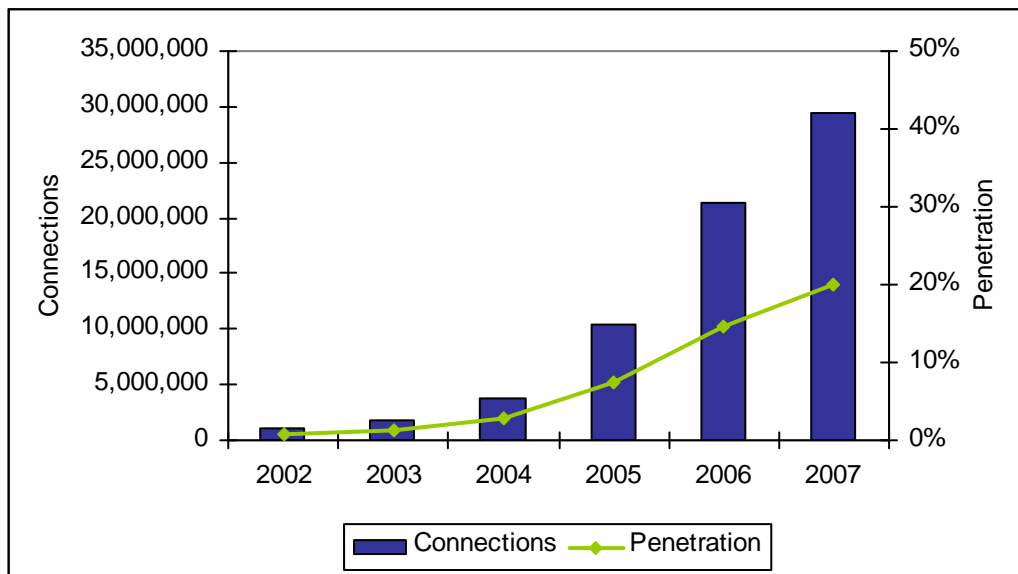


Telecom Innovations for Sustainable Development in Bangladesh

The growth in mobile subscriptions in Bangladesh has been phenomenal. According a Wireless Intelligence Report, in the third quarter of 2007, the country topped the list of top 10 Asia Pacific countries in terms of year-on-year mobile phone market. It says the country has added 1.3 million mobile phone connections from July to September of 2007, a 69 percent increase in net addition compared with the same period a year ago. With a significantly young population of over 140 million, high population growth and density, and low mobile penetration the country has the potential to deliver such remarkable growth in the near future.

Connections and penetration in Bangladesh



Source: Wireless Intelligence and Deloitte analysis

For a country with poor infrastructure, low fixed line penetration, the telecom industry has brought remarkable economic and lifestyle benefits in the lives of Bangladeshi people. In addition to voice based services, it has offered a wide range of data services. Some of the innovations of the industry include online medical consultation services through mobile phones, cyber cafes based on internet accessed through mobile phones, payment of utility bills and online auctions.

The most noteworthy benefit of the telecom industry remains that it has made the internet available to the masses. All six operators of the country offers internet browsing and this has opened up possibilities numerous possibilities in the fields of education, health and economic activities. Potential uses includes faster and up-to-date access to information and researches, exam results and availability of distance learning course becoming viable

for majority of the population. Bangladesh has only one doctor per 4000 people. The online medical consultation services can be expanded and be made available to deep rural pockets and during medical emergencies. The telecom operators can also partner with Government agencies on government health programs and campaigns such as sms alerts during nationwide polio campaigns. The access to internet can help in the nationwide implementation of e-governance through easy accessibility to government policies, circulars, forms and directives. The mobile industry can significantly boost commerce and trade both locally and internationally. Bangladesh has a large number of migrant workers and the mobile services can be used for facilitating inward remittances. It can reduce the pressure on the country's transportation infrastructure by facilitating payment of utility and other bills and banking services thereby greatly improving the quality of lives.

The addressable market has largely been dictated by the price of handsets and cost of SIMs, which serve as the prime entry barrier. In 2004 the entry cost was about BDT 6,000 and the then reported addressable market was 14 million with the multi-SIM usage at 10% of the population. Presently, the entry cost came down to BDT 2,000 and addressable market is now estimated to be around 50 million. Moreover, low subscription prices have fuelled multi-SIM behaviour which is currently estimated to be >30% for the industry. The current addressable market is likely to continue for some times before the next level of tariff reduction and fall of entry barrier.

Mobile operators and market shares (end-2007)

Mobile Operator	Brand Name	Majority owner	Launched	Market Share
Grameenphone	Grameenphone	Telenor AS	1997	48%
TMI Bangladesh	Aktel	Telekom Malaysia and A. K. Khan & Co. Ltd.	1997	20%
TeleTalk Bangladesh	TeleTalk	BTTB	1997/Mar 2005 (relaunch)	2%
Orascom Bangladesh	Bangalink	Orascom Telecom (Weather Investments SPA)	1998/Feb 2005	20%
Pacific Bangladesh	Citycell	SingTel Asia Pacific Investments Pte Ltd	1999	4%
Warid Telecom	Warid	Abu Dhabi Group	May 2007 (licensed 2005)	6%

Source: Deloitte report and market shares from BTRC website

The country has six mobile operators of which five of the have majority foreign ownership. Most of the mobile operators are in the acquisition phase and the competition

for subscriptions is very strong. Even if the market is currently price focused, industry analysts agree that the next round of competition will be focused on innovations.

The primary watchdog of the telecom industry in Bangladesh is the Bangladesh Telecom Regulatory Commission (BTRC). Similar to other regulatory bodies, presently much of its attention has been directed towards maximizing revenue and ensuring growth in subscriptions. It is however important to note, that the telecom watchdog should start developing long term focus towards the innovations this industry has the ability to generate. The regulatory watchdog should nurture innovation and monitor their impact in improving peoples' lives by providing accessibility and availability at affordable prices. This paper shall discuss the significant potential of telecom innovations in improving education, health and quality of life for people in developing countries and discuss the importance of carefully planned policies designed with a focus on innovation to bring long-term benefits in terms of generating opportunities for education, trade, employment and improving the quality of lives in general, thereby leading to sustainable development of individuals and the country at large.

Author: Tanim Laila
Director, Institute of Hazrat Mohammad (SAW)