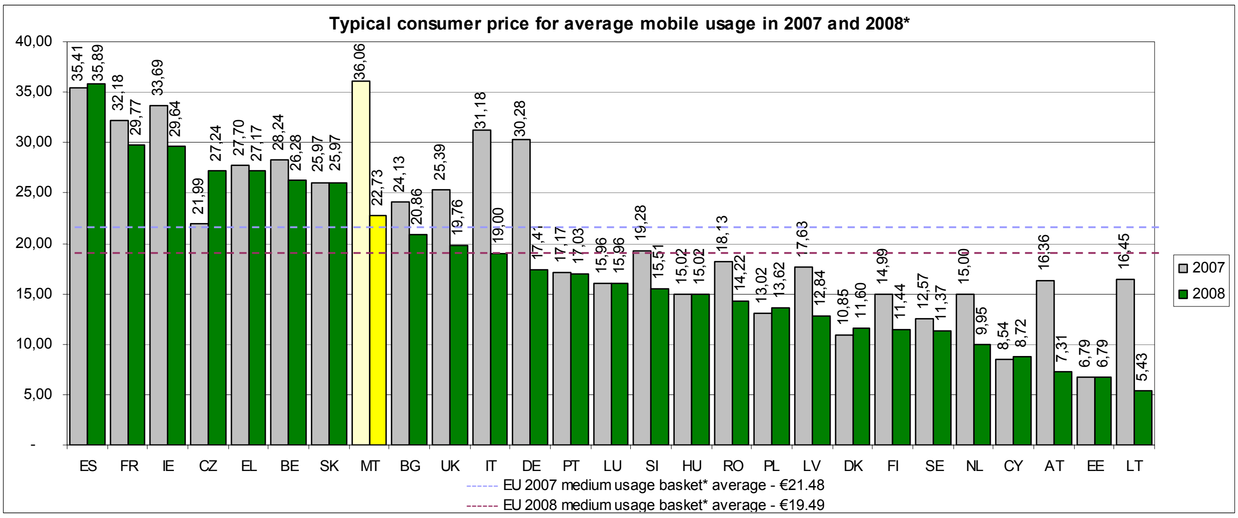
Towards a Single European Telecoms Market

Focus on Malta

European Commission
Information Society and Media

Consumer choice increased with the entry of two new mobile service providers. As a result, the monthly price of medium phone usage fell in 2008. Nevertheless, Maltese consumers were still charged some of the highest prices for mobile phone services in Europe. Mobile penetration, at 94.5%, is still below the EU average of 119%. In 2008, Malta saw a second year of very strong growth in take up of broadband internet, which stood at 23.9% of the population in January (the EU average is 22.9%). This high penetration rate was complemented by high speeds, strong take-up of mobile broadband and competition between different kinds of internet networks.



*The above table relates to the cheapest offer in the medium usage basket using OECD methodology as of 2006. It consists of 65 outgoing calls per month + 50 SMS messages + 2-3 MMS. 21% of calls are to fixed line phones, 72% to mobile phones, 7% to voicemail. Where appropriate, it includes monthly rental, and any registration charges (post-paid offers, in particular).

Progress

Vibrant broadband market

Fixed broadband penetration increased rapidly - by 7 percentage points - to reach 23.9% in January 2009. This was the result of competitive pricing between different types of internet connections, as well as a government initiative launched in March giving consumers a free one-year subscription that was launched in March.

As a further result of competition, consumers are also paying less for faster internet connections. The vast majority of Maltese subscribers are enjoying speeds of 2 megabits per second or higher – speeds that allow them to use new internet applications like streaming videos.

More choice for mobile users

Competition became more intensive in the Maltese mobile market following the entry of two new mobile companies operating over existing operators' networks. They were trying to attract niche groups, such as TV viewers, or to appeal to young users with original marketing such as lottery scratch cards or free cinema tickets.

The situation was set to improve further with the launch of a third 3G network operator, announced for February 2009. Existing operators already offer 100% coverage of 3G in Malta.

Number portability easy and popular

Number portability is an important service that allows consumers to take advantage of competition between operators to give consumers better deals,

and is a good measure of how much competition there is in the market.
Significant progress was made in mobile number portability. By October 2008, 45 600 mobile numbers have been ported since it became possible to change operator while keeping the same number in April 2006. This represents more than a tenth of the total mobile numbers in Malta. Fixed number portability was also up to 6 607 from 1 488 a year ago. Portability took 5 days for fixed, and one day for mobile - one of the fastest times for mobile porting in the EU.
However, at €45, the wholesale charges for porting a mobile number in Malta are among the EU's highest.

Areas for Improvement

Costs and take up of mobile services compare poorly to EU

Consumer prices for mobile services, and their take-up, were not yet affected by the number of operators now competing in the market. Malta still has one of the highest average per minute prices for mobile calls in Europe – at €0.27, almost twice as much as the EU average of €0.14. This is one of the reasons Malta had the second highest level of fixed phone calls in Europe (at 70% of all phone traffic). Still, Maltese consumers were increasingly using their mobile instead of their fixed line for calls – down by 87 million fixed minutes.
High mobile prices also impact the rate of mobile penetration, which grew substantially, but at 94.5% remained significantly below the EU average of 119%.

Delays in roll-out of fixed wireless broadband

Malta experienced delays in the effective roll-out of the three wireless broadband networks. The two licence holders, who had not launched services, were paying sanction fees for failing to meet the coverage requirements of these licences. While one – the main fixed phone operator, had achieved 93% coverage in October 2008, the other – a consortium of Internet service providers – was not on track to meet its roll-out obligations.

Concern about tariff transparency for consumers

While consumers benefited from slightly lower prices especially for calls on their own network, they found it difficult to compare offers and choose among the various plans and bundles. Only three percent of the Maltese population subscribes to bundled offers (several services for one price), with the majority choosing triple play.
There is room for improvement to facilitate a telecoms market that would deliver the level of transparency desired by consumers. The Maltese telecoms regulator MCA does, however, closely monitor tariffs, terms and conditions published by operators, as well as their marketing material, to ensure effective publication of tariffs, terms and conditions.

TELECOMS SECTOR'S KEY FIGURES	EU	Malta
Total value of sector (2007)	€356.85 billion	€0.25 billion
Nominal growth of sector (2007)	2%	N/A
Total capital investment (2007)	€52 billion	N/A
Fixed broadband penetration rate January 2009	22.9%	23.9%
Mobile broadband (data cards) penetration rate January 2009	2.8%	1.2%
Mobile penetration rate	119%	94.5%
Average mobile termination rates	€0.0855	€0.0962
Incumbent's fixed broadband market share January 2009	45.6%	38.3%
Incumbent's market share in direct fixed access	81.4%	81.3%
Total mobile ported numbers in 2008 only	14 million	26 300
Total fixed ported numbers in 2008 only	6.5 million	5 119
Average/typical broadband consumer price*	€36.89/month	N/A
Average/typical mobile communication consumer price**	€19.49/month	€22.73/month
Average/typical fixed telephony communication consumer price***	€36.13/month	€27.40/month

* Median basket price for broadband (2-4Mbps offers) using purchasing power parity (PPP)
** Average "medium usage pre&post-paid 2006 OECD basket" price for mobile communications. The figure for Malta refers to the cheapest available offer of the two largest operators on the market
*** Average "medium usage residential 2006 OECD basket" price for fixed voice communications

For further information

Full report on the Internet: http://ec.europa.eu/information_society/policy/ecomm/library/communications_reports/annualreports/14th/index_en.htm
More information on telecoms: http://ec.europa.eu/ecomm
Europe's Information Society Thematic Portal: http://ec.europa.eu/information_society
Information Society and Media DG Information Desk: Email: infso-desk@ec.europa.eu