POSTAL AND TELECOMMUNICATIONS REGULATORY AUTHORITY OF ZIMBABWE (POTRAZ)

'creating a level playing field'

POSTAL & TELECOMMUNICATIONS SECTOR PERFORMANCE REPORT

FIRST QUARTER 2018

Disclaimer:

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LIST OF ACRONYMS

2G…….. Second Generation

3G……..... Third Generation

ACPU…..... Average Cost per User

AMPU……... Average Margin per User

ARPU…..... Average Revenue per User

GB…….. Gigabyte

LTE……Long Term Evolution

MB……. Megabyte

Mbps…….. Megabits per second

VoIP……Voice Over Internet Protocol

1. MAJOR HIGHLIGHTS

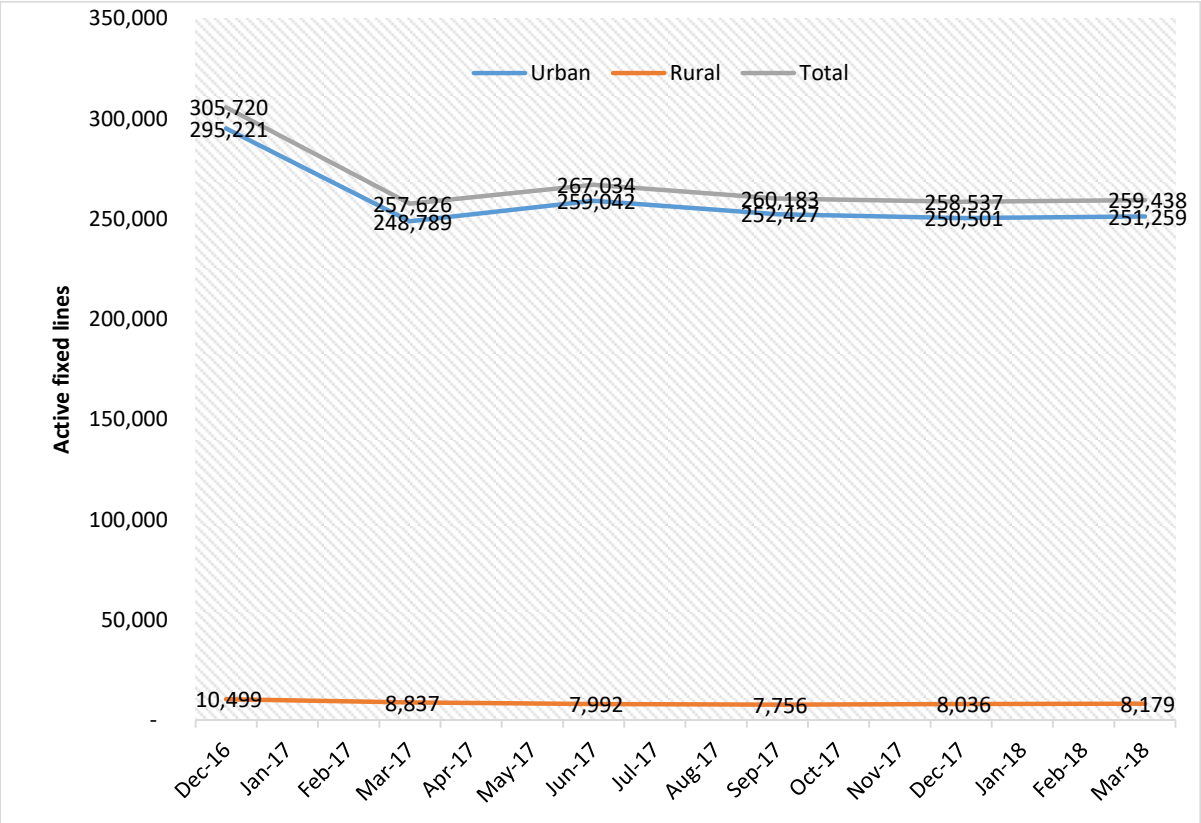
- The mobile penetration rate decreased by 18.1% to reach 84.6% in the first quarter of 2018 from 102.7% recorded in the last quarter of 2017 following a 16.8% decrease in active mobile subscriptions.
- The active internet penetration rate increased by 1.3% to reach 52.1% in the first quarter of 2018 from 50.8% recorded in the last quarter of 2017 following a 3.6% increase in active internet subscriptions.
- Total mobile voice traffic decreased by 1% to record 1.10 billion minutes in the first quarter of 2018 from 1.12 billion minutes recorded in the last quarter of 2017.
- International incoming voice traffic increased by 2.4% from 39.7 million minutes recorded in the last quarter of 2017, to 40.6 million minutes in the first quarter of 2018.
- International outgoing voice traffic registered a 6% growth from 19.5 million minutes recorded in the last quarter of 2017, to 20.8 million minutes in the first quarter of 2018.
- Inbound roaming traffic increased by 10% from 1.6 million minutes recorded in the last quarter of 2017, to 1.8 million minutes in the first quarter of 2018.
- Outbound roaming traffic decreased by 8% to record 741,482 minutes in the first quarter of 2018, from 803,117 minutes recorded in the last quarter of 2017.
- Outgoing international fixed voice traffic increased by 12% from 2.6 million in the 4th quarter of 2018, to 3 million minutes in the first quarter of 2018.
- Incoming international fixed voice traffic decreased by 15% from 6.67 million minutes in the 4th quarter of 2018, to 5,6 million in the first quarter of 2018.
- Total fixed voice traffic decreased by 15.5% to record 105 million minutes in the first quarter of 2018 from 124 million minutes recorded in the last quarter of 2017.
- Mobile Internet data usage decreased by 0.18% to record 5.22 million GB in the first quarter of 2018 from 5.23 million GB recorded in the last quarter of 2017.
- Used international incoming bandwidth capacity increased by 17%.
- There were a total of 20 new LTE installations bringing the total number of LTE eNode Bs to 951 in the first quarter of 2018 from 931 recorded in the last quarter of 2017.
- Revenues by IAPs increased by 52.18% to record $79.5 million in the first quarter of 2018 from $52.2 million recorded in the last quarter of 2017.
- Revenues by mobile operators decreased by 5.8% to record $244.7 million in the first quarter of 2018 from $259.7 million recorded in the last quarter of 2017.
- Data and internet services contributed more to total fixed revenue than voice services.

2. FIXED TELEPHONE SERVICE

2.1 SUBSCRIPTIONS

The total number of active fixed telephone lines as at 31 March 2018 was 259,438. This represents a 0.35% increase from 258,537 active lines recorded in the fourth quarter of 2017. The fixed tele-density remained at 1.9%. Active lines in rural areas constituted 3.2% of total active fixed subscriptions, 88.1% of the fixed lines were in the capital city and 8.7% were in other urban areas. Active lines in the rural areas increased by 1.8% to reach 8,179 in first quarter of 2018, from 8,036 recorded in the fourth quarter of 2017. On the other hand, the number of active lines in urban areas increased by 0.3% to reach 251,259 in the first quarter of 2018 from 250,501 recorded in the last quarter of 2017. The growth in fixed telephone lines by location since December 2016 is shown in Figure 1 below.

Figure 1: Active fixed telephone lines



2.2 FIXED NETWORK TRAFFIC

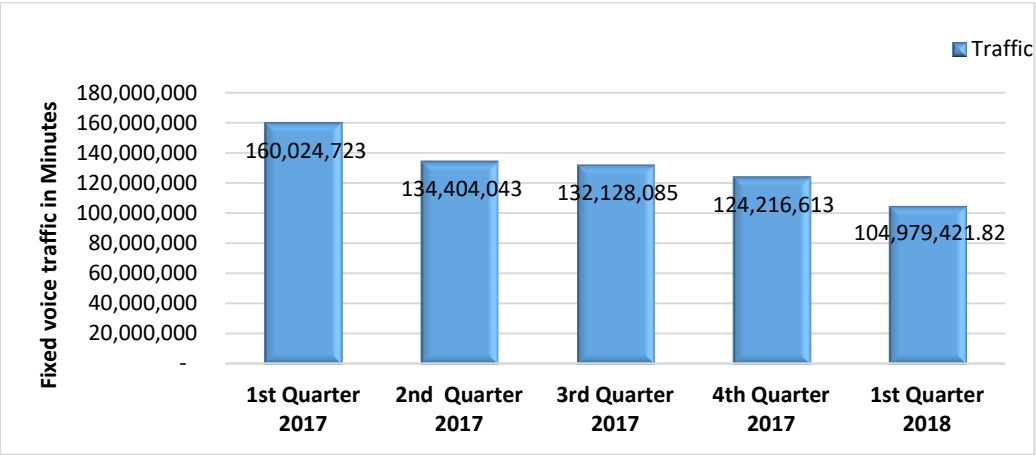
Total voice traffic processed by the fixed telephone network declined by 15.5% to record 105 million minutes in the first quarter of 2018 from 124.2 million minutes recorded in the last quarter of 2017. The biggest traffic decline was for the net on net fixed calls that declined by about 45%. Incoming calls from IAPs increased by 9%, while outgoing traffic to the IAPs increased by 8%. The quarterly growth per voice traffic category is shown in Table 1 below.

Table 1: Fixed Voice Traffic

Traffic category	4th Quarter 2017	1st Quarter 2018	% Growth
Net on Net	38,876,802	21,356,422.04	-45.07%
Outgoing to Mobile	67,655,247	66,657,839.22	-1.47%
Incoming from Mobile	6,538,261	6,357,640.36	-2.76%
Incoming from IAPs	1,104,906	1,208,478.98	9.37%
Outgoing to IAPs	698,655	751,928.62	7.63%
International Incoming	6,668,496	5,642,416.62	-15.39%
International Outgoing	2,674,246	3,004,695.98	12.36%
Total traffic	**124,216,613**	**104,979,421.82**	**-15.49%**

From Table 1 above, TelOne experienced a decrease in the volume of incoming international calls, while the outgoing international calls traffic increased by 12%. Positive growth in traffic was experienced for calls between TelOne and the IAPs. As the uptake of Voice over Internet Protocol (VoIP) telephony improves, interconnect traffic between the IAPs and the legacy operators is expected to continue to increase. The traffic pattern also reflects the general trend in which many corporates are now using VoIP networks for their voice telephony, thus generating more traffic between TelOne and VoIP networks. Fixed voice traffic has shown a declining trend as shown in Figure 2 below.

Figure 2: Fixed Voice Traffic

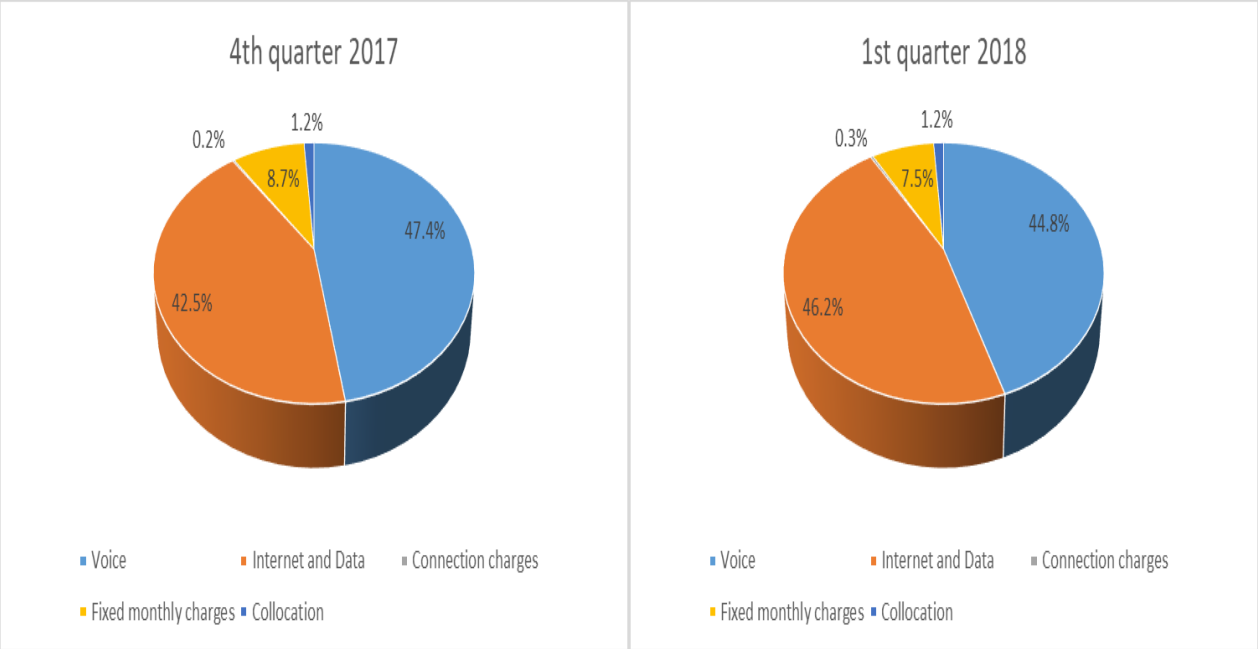


2.3 FIXED TELEPHONE REVENUES, INVESTMENT & COSTS

The fixed telephone network revenue declined by 1% to record $28,258,466 in the first quarter of 2018 from $28,460,457 recorded in the last quarter of 2017. Operating costs decreased by 7% to record $32,280,840 in the first quarter of 2018 from $34,662,600 recorded in the last quarter of 2017.

The contribution of each service to the total telecommunications revenue is shown in Figure 3 below.

Figure 3: Contribution to revenue by service



As shown in Figure 3 above, the contribution of internet and data revenues increased by 3.7% in line with the growing consumption of internet and data services. The contribution of voice declined by 2.6% in line with the decline in voice traffic.

3. MOBILE TELEPHONY

3.1 SUBSCRIPTIONS

The total number of active mobile subscriptions as at 31 March 2018 was 11,728,478. This represents a 16, 8% decline from 14,092,104 recorded in the last quarter of 2017. The mobile penetration rate decreased significantly by 18.1% to reach 84.6% in the first quarter of 2018

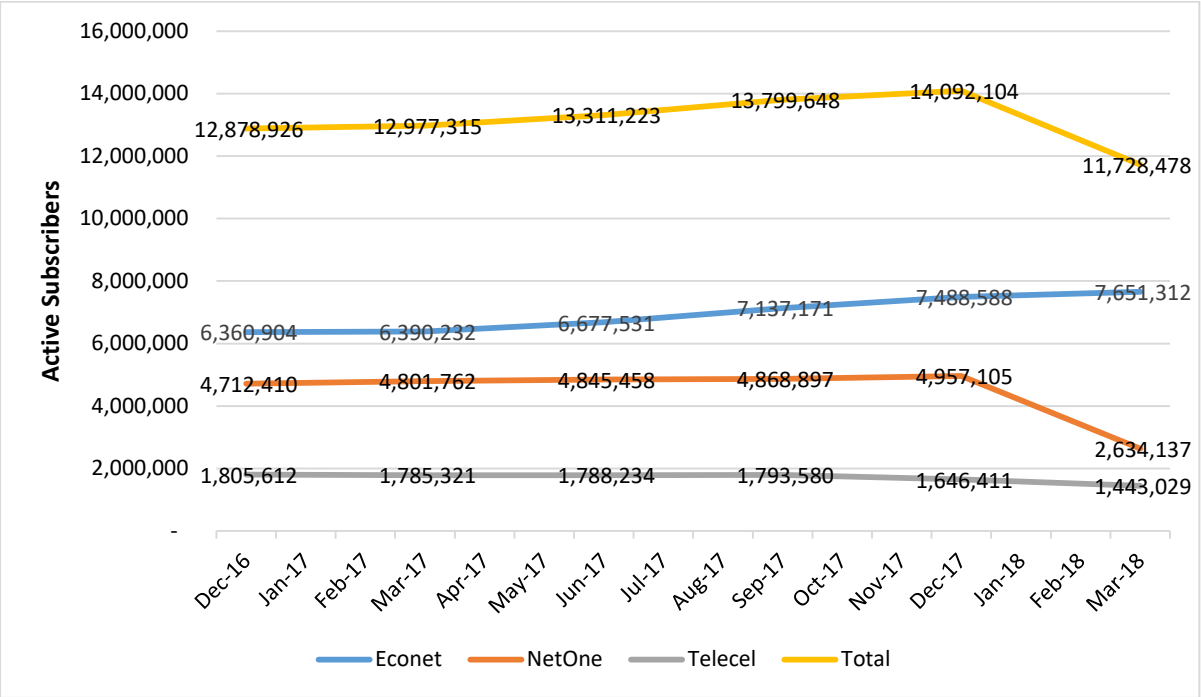
from 102.7% recorded in the last quarter of 2017. The decline is attributed to NetOne that has shed about 47% of its subscribers after a clean-up exercise on its subscriber data base. Telecel also lost 12% of its subscribers during the quarter under review. Active mobile subscriptions per operator are shown in Table 2 below.

Table 2: Active Mobile Subscriptions

Operator	4th Quarter 2017	1st Quarter 2018	% Change
Econet	7,488,588	7,651,312	2.2%
NetOne	4,957,105	2,634,137	-46.9%
Telecel	1,646,411	1,443,029	-12.4%
Total	**14,092,104**	**11,728,478**	**-16.8%**

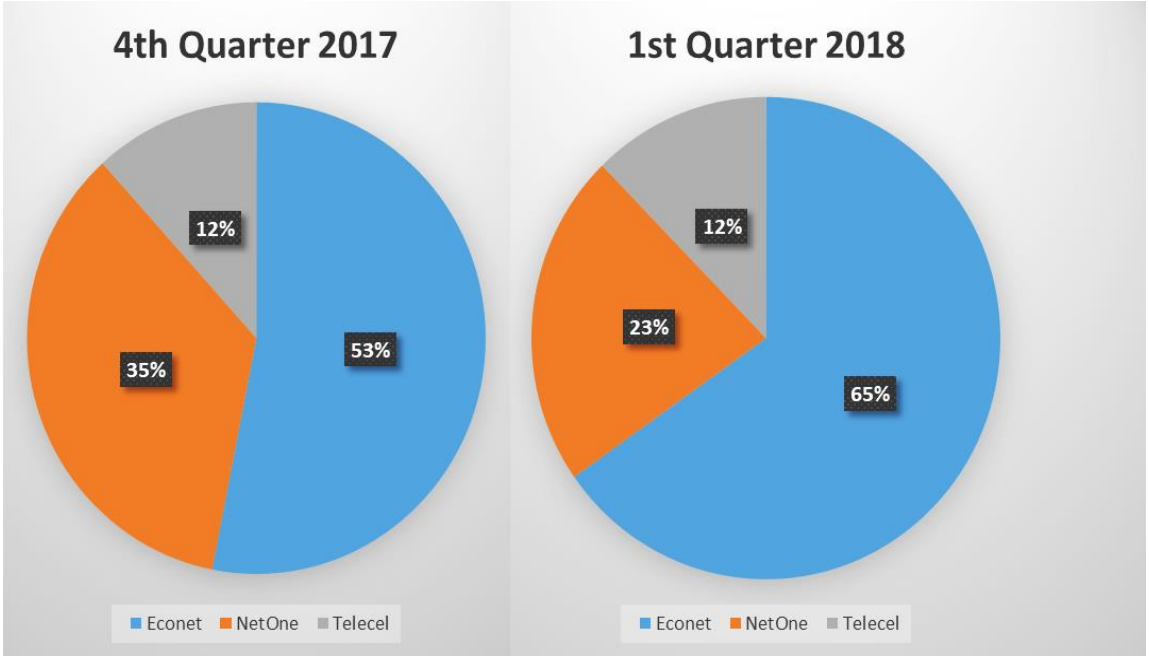
NetOne experienced the biggest decline in subscriptions (46.7%), followed by Telecel (12.4%) while Econet registered growth in subscriptions of 2.2%. NetOne's subscriber decline is attributed to the challenges it faced with its Onefusion product which resulted in many subscribers abandoning their network. The decline also reflects that NetOne had a lot of dormant subscribers who did not perform any revenue generating activity in the first quarter of 2018. As such NetOne embarked on a subscriber database clean – up exercise. The movement in subscriptions per operator since December 2016 is shown below:

Figure 4: Growth in active mobile subscriptions



As shown above, NetOne and Telecel experienced a decline in active mobile subscriptions whereas Econet experienced growth in the active subscriber base. Based on first quarter 2018 and last quarter 2017 subscriber statistics, the market share of active mobile subscribers was as follows:

Figure 5: Market share of mobile subscribers



Econet recorded a jump in market share from 53% recorded in the last quarter of 2017 to 65% in the first quarter of 2018. On the other hand, NetOne`s market share declined by 12% while Telecel's market share remained at 12%.

3.2 MOBILE TRAFFIC AND USAGE PATTERNS

3.2.1 MOBILE VOICE TRAFFIC

There was an overall decline of 1% in mobile voice traffic in the first quarter of 2018 as shown in Table 3 below:

Table 3: Mobile voice traffic in minutes

Traffic Category	4th Quarter 2017	1st Quarter 2018	% Variation
Net on Net	750,716,078	775,019,268	3.24%
Mobile to Fixed	6,538,261	6,338,444	-3.06%
Incoming from Fixed	67,655,247	66,929,797	-1.07%
Mobile to Other Mobile (by termination)	213,272,318	175,376,219	-17.77%
Outgoing to IAPs	1,299,247	1,283,432	-1.22%
Incoming from IAPs	14,897,255	15,786,330	5.97%
TOTAL NATIONAL	1,054,378,407	1,040,733,490	-1.29%
International Incoming	39,708,495	40,659,807	2.40%
International Outgoing	19,542,887	20,768,381	6.27%
Inbound Roaming	1,623,840	1,785,612	9.96%
Outbound Roaming	803,117	741,482	-7.67%
Total Traffic	**1,116,056,746**	**1,104,688,772**	**-1.02%**

Net-on-Net mobile voice traffic registered a 3% growth, while traffic for cross network calls amongst mobile operators recorded a big decline of about 18%. Positive traffic growth were recorded for incoming calls from IAPs, and this reflect that some telephony users mainly corporates are fast adopting the VoIP networks to make calls to mobile networks. The quarter also saw the inbound roaming traffic increase by about 10%, while outbound roaming traffic decreased by about 8%. A quarterly comparison of the mobile voice traffic market-share is shown in Figure 6 below.

Figure 6: Voice Traffic Market Share

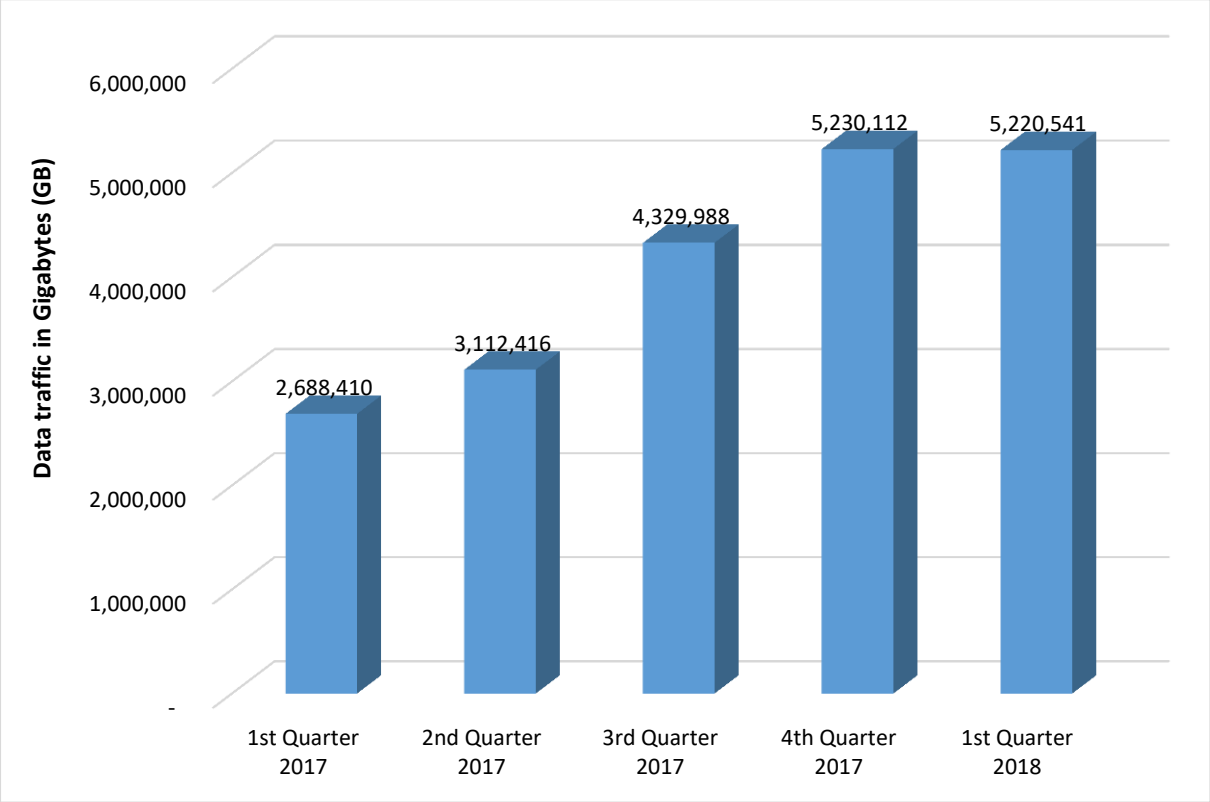
As shown above, Econet lost 4.5% voice traffic market share to record 73.7% in the first quarter of 2018 from 78.2% recorded in the last quarter of 2017. NetOne`s market share increased by 8.1%, while Telecel's market share decreased by 2.9% when compared to the last quarter of 2017 figures.

3.2.2 MOBILE INTERNET & DATA TRAFFIC

A total of 5,220,540,841MB (5,220 TB) of mobile internet and data traffic was consumed in the first quarter of 2018. This represents a 0.18% decline from 5,230,109,428MB (5,230 TB) recorded in the last quarter of 2017.

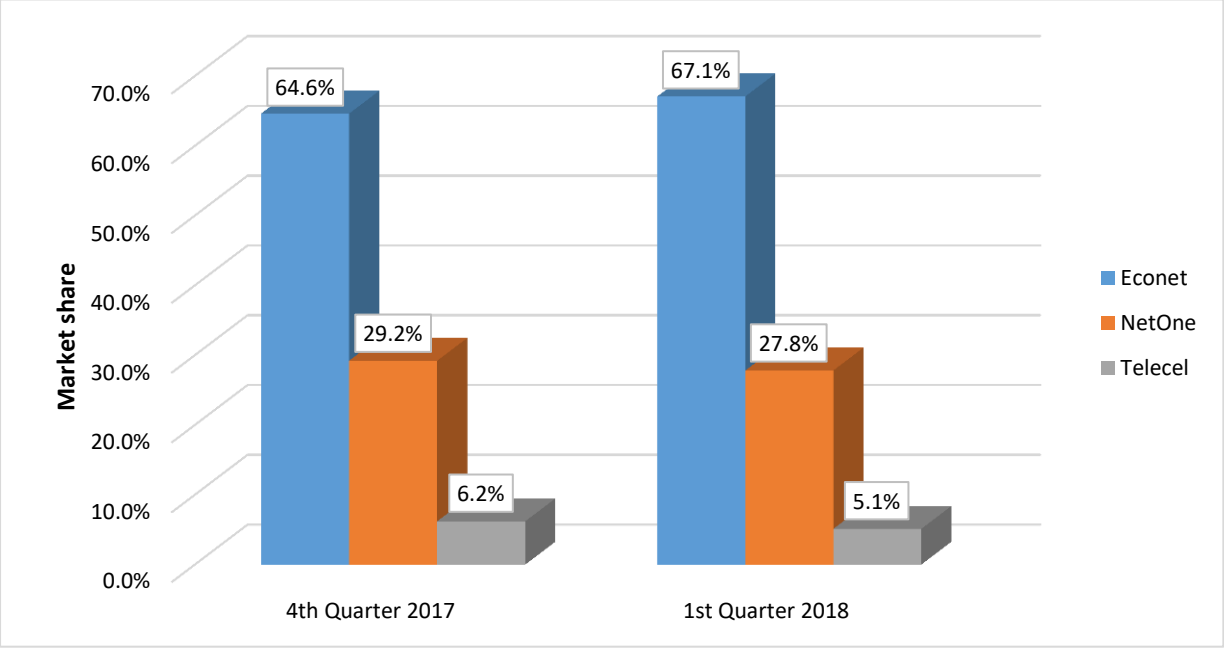
The growth in mobile internet and data traffic since January 2017 is shown in Figure 7 below:

Figure 7: Growth in mobile internet and data traffic



Traffic for mobile data and internet services has been consistently increasing, and only registered a decline in the first quarter of 2018. The market share of mobile internet and data use was as follows:

Figure 8: Market Share of Internet & data traffic



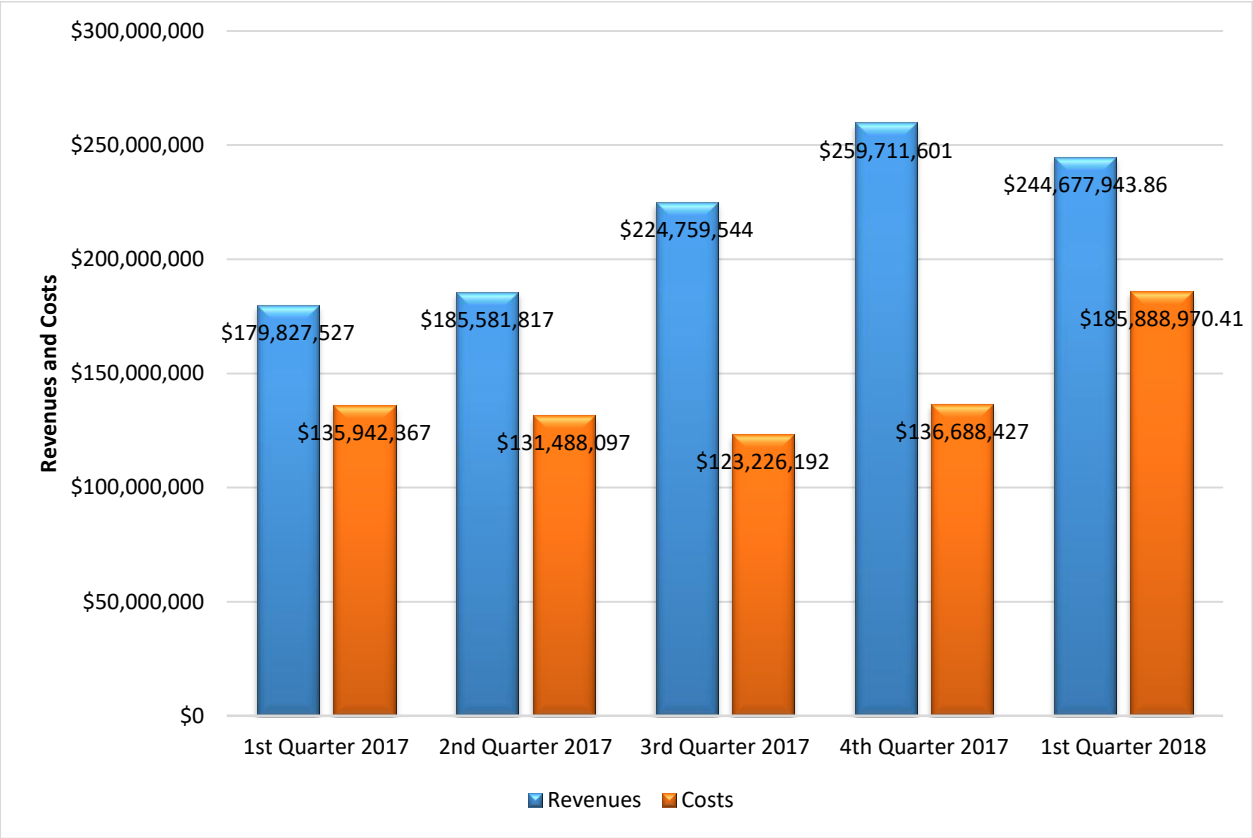
A comparison with the last quarter of 2017 figures shows that Econet gained 2.5% market share of internet and data traffic to close the first quarter of 2018 with 67.1% market share, while NetOne and Telecel shed 1.4% and 1.1% market share respectively.

3.3 MOBILE REVENUES, COSTS & INVESTMENT

The total revenue generated by the mobile operators decreased by 5.8% to record $244,677,944 in the first quarter of 2018 from $259,711,601 recorded in the last quarter of 2017. On the other hand, total operating costs increased by 36% to record $185,888,970 in the first quarter of 2018 from $136,688,427 recorded in the last quarter of 2017. Total mobile investment increased by 70% to record $14 million in the first quarter of 2018 from $8.2 million recorded in the last quarter of 2017.

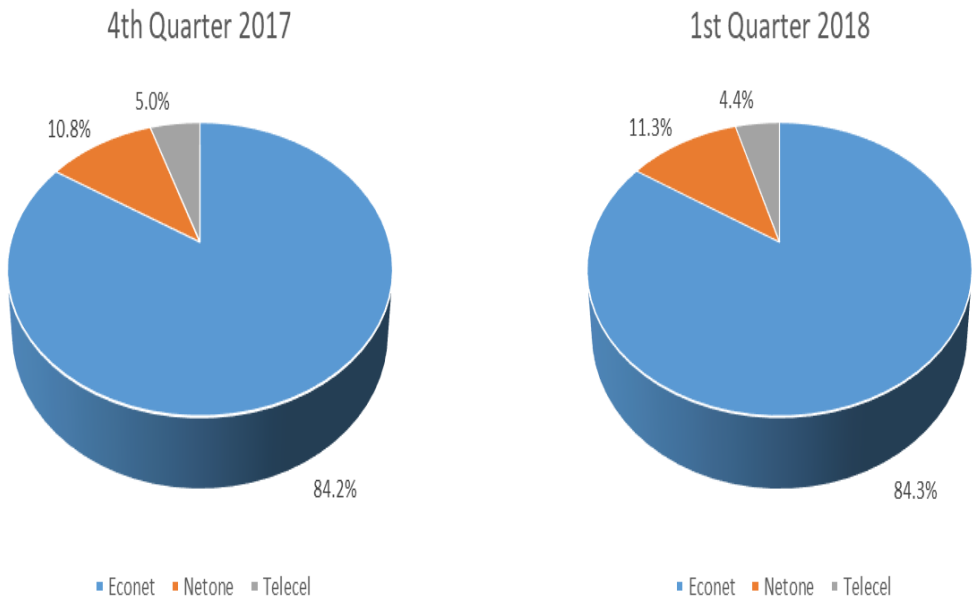
Total mobile revenues were consistently increasing over the course of 2017, but declined in the first quarter of 2018. On the other hand the operating costs declined in the first three quarters of 2017 and increased in the last quarter of 2017 and first quarter of 2018 as shown in Figure 9 below:

Figure 9: Mobile revenues and operating costs



The market share of revenues was as follows:

Figure 10: Market share of mobile revenue



As shown above, Econet commanded the biggest market share of revenues at 84.3% after gaining 0.1%, NetOne gained 0.5% while Telecel lost 0.6% market share.

3.4 MOBILE TELEPHONY INFRASTRUCTURE

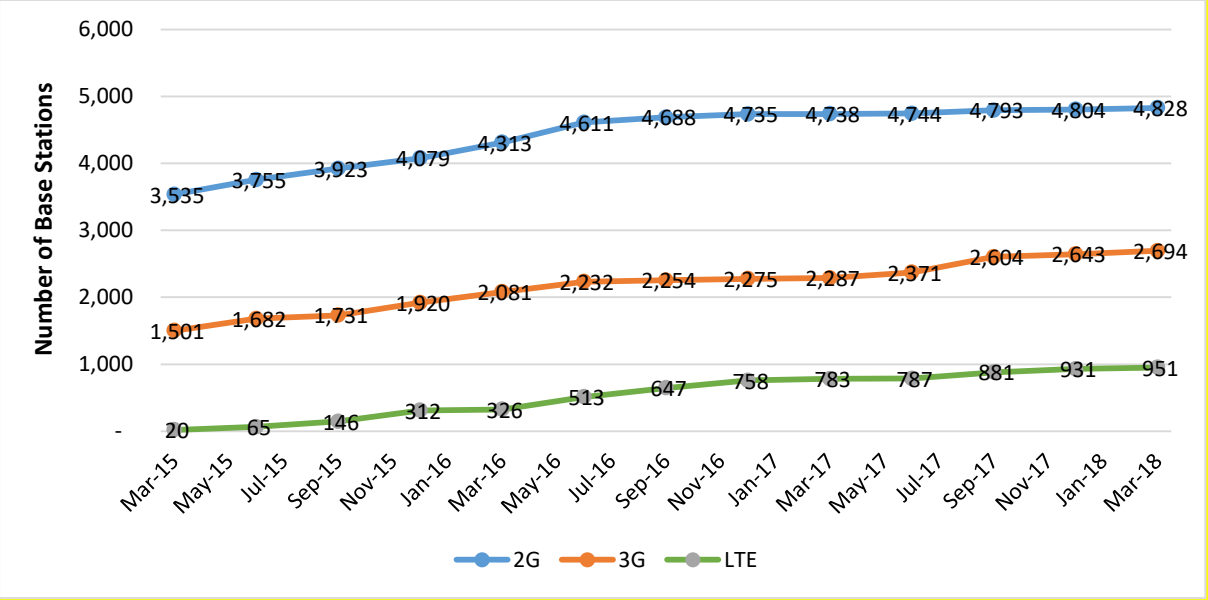
The growth in the number of base stations per technology is broken down by operator in Table 4 below:

Table 4: Mobile Base Stations

Operator	2G			3G			LTE		
	Q4 2017	Q1 2018	Net Addition	Q4 2017	Q1 2018	Net Addition	Q4 2017	Q1 2018	Net Addition
Econet	2,463	2,493	30	1,509	1,539	30	634	647	13
Telecel	661	655	-6	392	403	11	9	17	8
NetOne	1,680	1,680	0	742	752	10	288	287	-1
Total	**4,804**	**4,828**	**24**	**2,643**	**2,694**	**51**	**931**	**951**	**20**

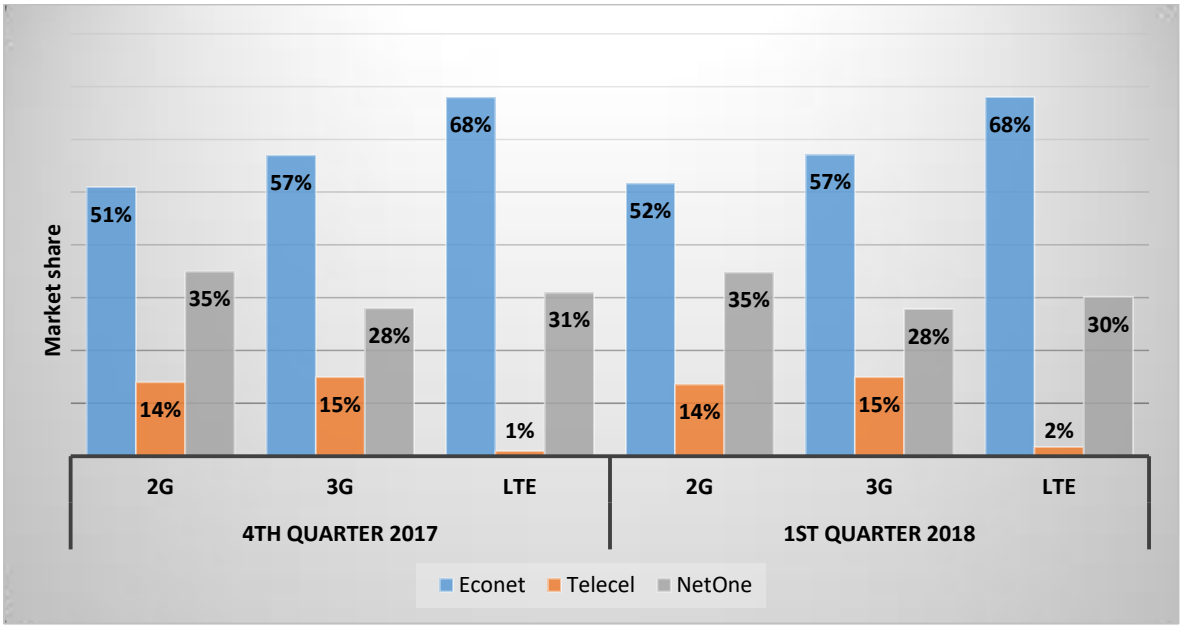
There was an overall growth in base stations across operators as shown in Table 4 above. Telecel added 8 more LTE eNode Bs to bring its total LTE eNode Bs to 17. The new base station additions brought the total number of base stations to 8,473 as at 31 March 2018 up from 8,378 recorded as at 31 December 2017. The growth in 2G and 3G base stations as well as LTE eNode Bs from March 2015 to March 2018 is shown in Figure 11 below:

Figure 11: Growth in base stations



The market share of mobile base stations was as follows:

Figure 12: Market share of mobile base stations



Econet had the highest market share of 2G base stations, 3G base stations as well as LTE eNode Bs. Econet maintained 68% market share of LTE eNode Bs in the first quarter of 2018, Telecel increased its market share by 1% while NetOne lost 1% of the LTE eNode Bs market share.

3.5 MOBILE MONEY

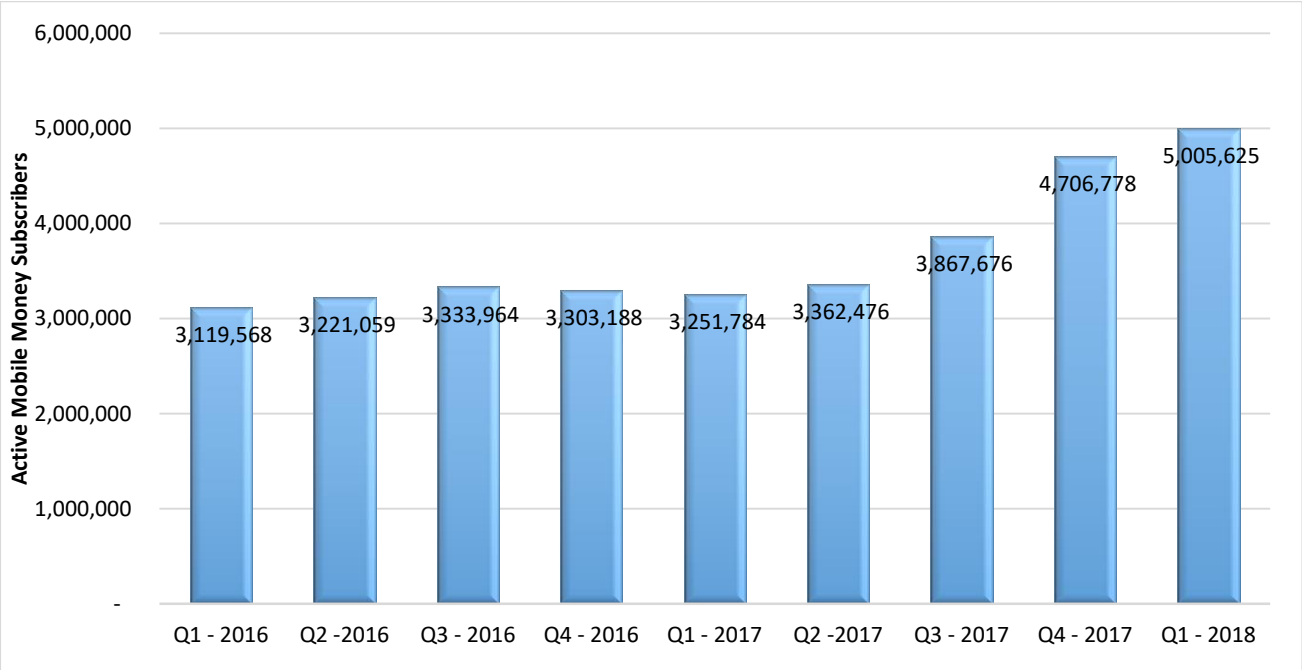
The total number of active mobile money subscriptions as at 31 March 2018 was 5,500,625 up from 4,706,778 recorded in the last quarter of 2017. This represents a 6.35% increase in active mobile money subscribers in the first quarter of 2018 when compared to the last quarter 2017 figures. All the mobile operators experienced growth in the number of mobile money subscriptions as shown in Table 5 below:

Table 5: Active mobile money subscriptions

OPERATOR	4th Quarter 2017	1st Quarter 2018	% Growth
ECONET	4,574,409	4,847,014	5.96%
TELECEL	79,429	79,643	0.27%
NETONE	52,940	78,968	49.17%
TOTAL	**4,706,778**	**5,005,625**	**6.35%**

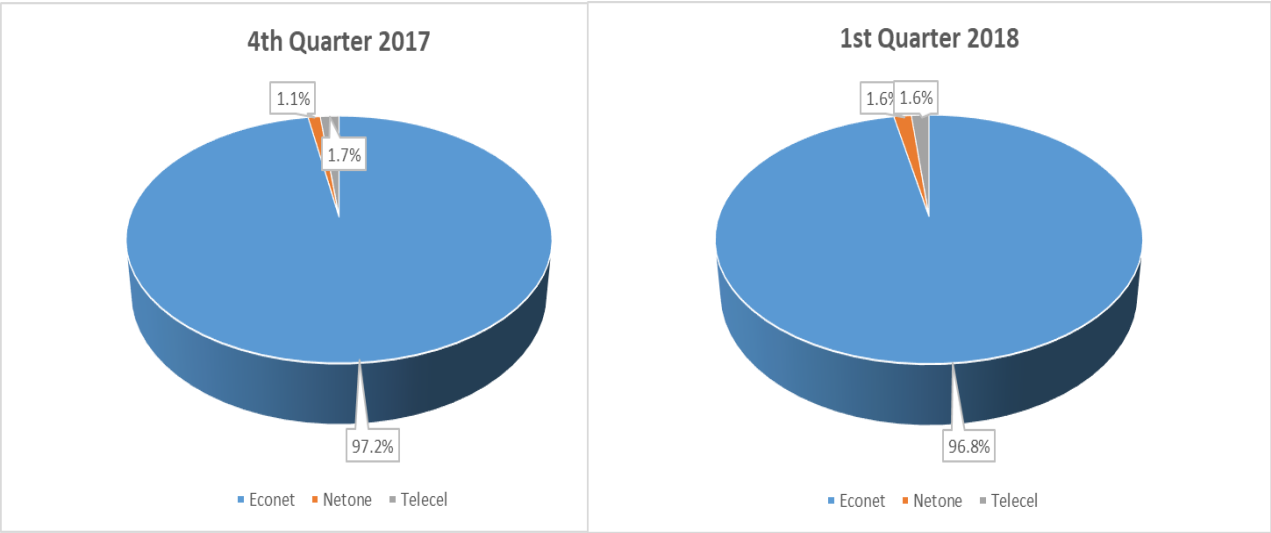
NetOne experienced the biggest leap in active mobile money subscriptions of 49% when compared to the last quarter 2017 figures. In absolute terms however Econet increased its subscribers by 272,605, while NetOne and Telecel increased by 26,028 and 214 respectively. The growth in mobile money subscriptions from 2016 is shown in Figure 13 below:

Figure 13: Growth of mobile money subscriptions



A quarterly comparison of the market share of active mobile money subscriptions is shown in Figure 14 below:

Figure 14: Market share of active mobile money subscriptions



As shown above, Econet lost 0.4% market share, Telecel lost 0.1% whereas NetOne gained 0.5% market share of active mobile money subscriptions in the first quarter of 2018. Table 6 below shows a comparison of the active mobile money agents in the last quarter of 2017 and the first quarter of 2018.

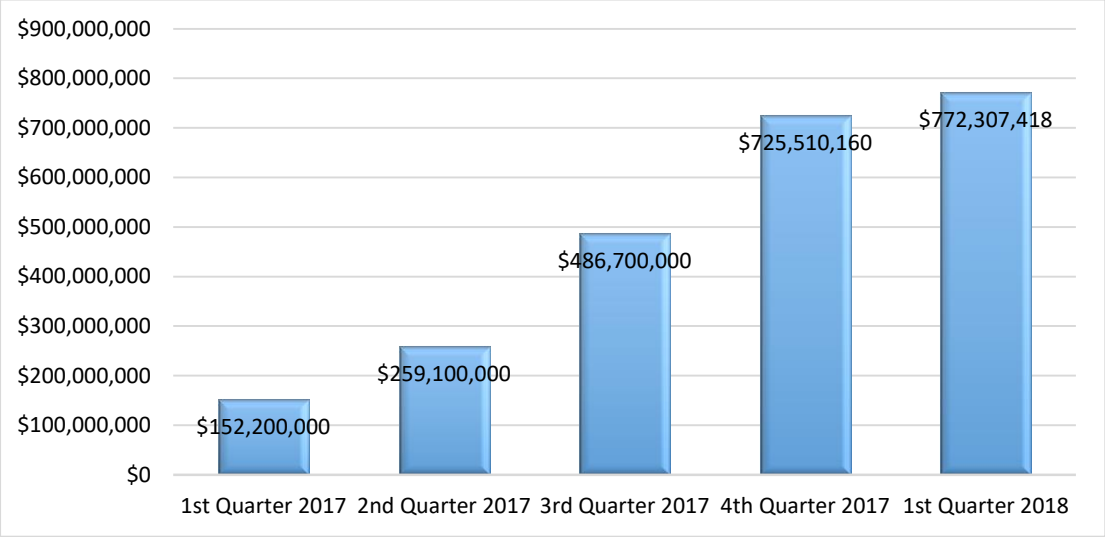
Table 6: Mobile Money agent network

Operator	Indicator	4th Quarter 2017	1st Quarter 2018	% Growth
ECONET	Active Agent Outlets in Rural Areas	7,887	8,270	4.86%
	Active Agent Outlets in Urban Areas	16,760	18,365	9.58%
	Total Active Mobile Money Agent Outlets	24,647	26,635	8.07%
TELECEL	Active Agent Outlets in Rural Areas	312	231	-25.96%
	Active Agent Outlets in Urban Areas	572	503	-12.06%
	Total Active Mobile Money Agent Outlets	884	734	-16.97%
NETONE	Active Agent Outlets in Rural Areas	281	1,494	431.67%
	Active Agent Outlets in Urban Areas	1,472	5,978	306.11%
	Total Active Mobile Money Agent Outlets	1,753	7,472	326.24%
TOTAL	**Active Agent Outlets in Rural Areas**	**8,480**	**9,995**	**17.87%**
	Active Agent Outlets in Urban Areas	**18,804**	**24,846**	**32.13%**
	Total Active Mobile Money Agent Outlets	**27,284**	**34,841**	**27.70%**

From Table 6 above, Telecel was the only operator that registered a decline in the active agent outlets. Telecel lost about 17% of its total active agents in both rural and urban areas. NetOne's total active mobile agent outlets increased by 18%, while Econet's total active agents increased by 8%. The decline in Telecel`s active agent outlets is attributable to liquidity constraints as agents require a cash float to effect over-the-counter transactions.

The current cash constraints have spurred mobile money bill and merchant payments to be used as an effective alternative mode of making payments. In the quarter under review, airtime, bill and merchant payments increased by 6% to record $772,307,418 from $725,510,160 recorded in the last quarter of 2017. The growth in mobile money airtime, bill and merchant payments since January 2017 is shown in Figure 15 below:

Figure 15: Airtime, Bill & Merchant Payments



The use of bank to wallet transfers has stimulated the use of mobile money for effecting payment transactions. The growth trend is expected to continue as more people embrace mobile financial services.

4. DATA & INTERNET SERVICES

4.1 SUBSCRIPTIONS

The total number of active internet subscriptions as at 31 March 2018 was 7,221,640. This represents a 3.7% growth from 6,824,307 active internet subscriptions recorded in the last quarter of 2017. As a result, the internet penetration rate increased by 1.3% to reach 52.1% in the first quarter of 2018 from 50.8% recorded in the last quarter of 2017. The growth in internet subscriptions per service category is shown in Table 7 below:

Table 7: Active Internet Subscriptions

Technology	4th Quarter 2017	1st Quarter 2018	Quarterly change
3G/HSDPA/LTE	6,824,307	7,076,314	3.69%
Leased Lines	1,351	2,480	83.57%
Dial up	-	-	0.00%
DSL	81,016	84,883	4.77%
WiMAX	4,915	5,976	21.59%
CDMA	25,095	15,612	-37.79%
VSAT	3,478	3,379	-2.85%
Active Fibre subscriptions	31,455	32,996	4.90%
Total	**6,971,617**	**7,221,640**	3.59%

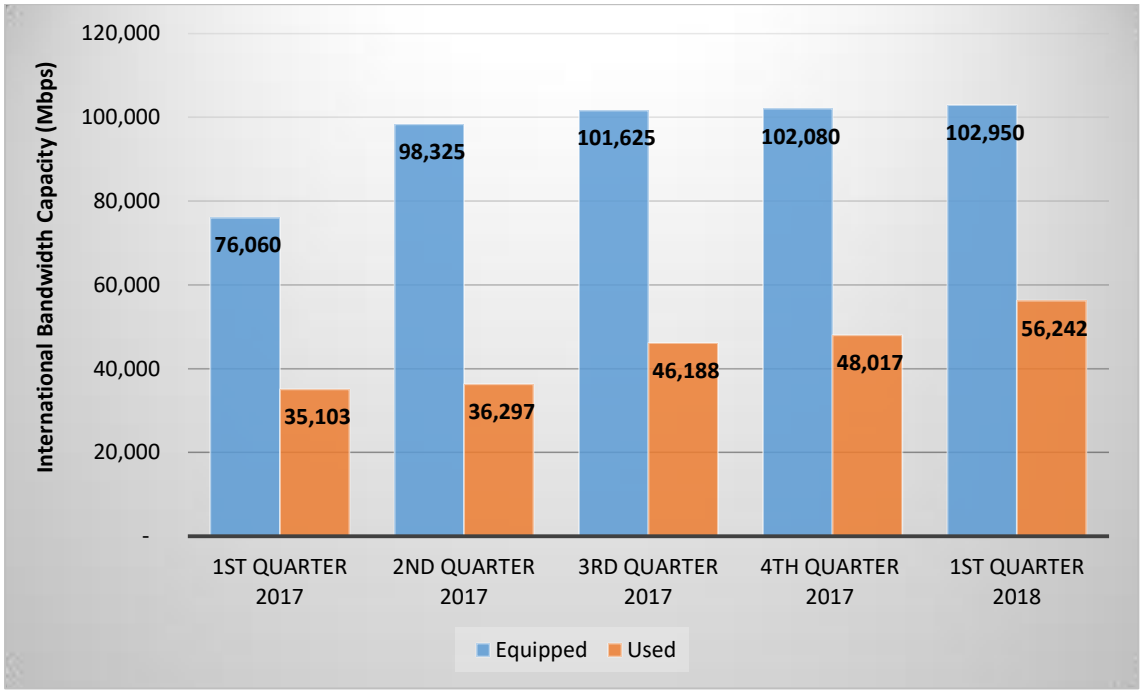
From Table 7 above, leased lines recorded the highest growth in subscriptions (83.57%), followed by WiMAX (21.6%) and active fibre subscription (4.9%). CDMA subscriptions recorded the biggest decline of 37.8%. 3G/HSDPA/LTE still constitute the largest portion of active internet subscriptions with a share of 98% of the total internet subscriptions.

4.3 INTERNATIONAL INTERNET CONNECTIVITY

The total equipped incoming international internet bandwidth capacity increased by 0.3% to reach 102,950Mbps in the first quarter of 2018, from 102,645Mbps recorded in the last quarter of 2017. Used incoming international internet bandwidth increased by 17.1% to record 56,242Mbps in the first quarter of 2018, from 48,017Mbps recorded in the last quarter of 2017.

Used international internet bandwidth has been consistently growing due to the growing demand for internet and data services. Operators have to regularly augment their equipped international bandwidth capacity to meet the growing demand. The overall growth in the equipped and used international incoming bandwidth capacity is shown in Figure 16 below:

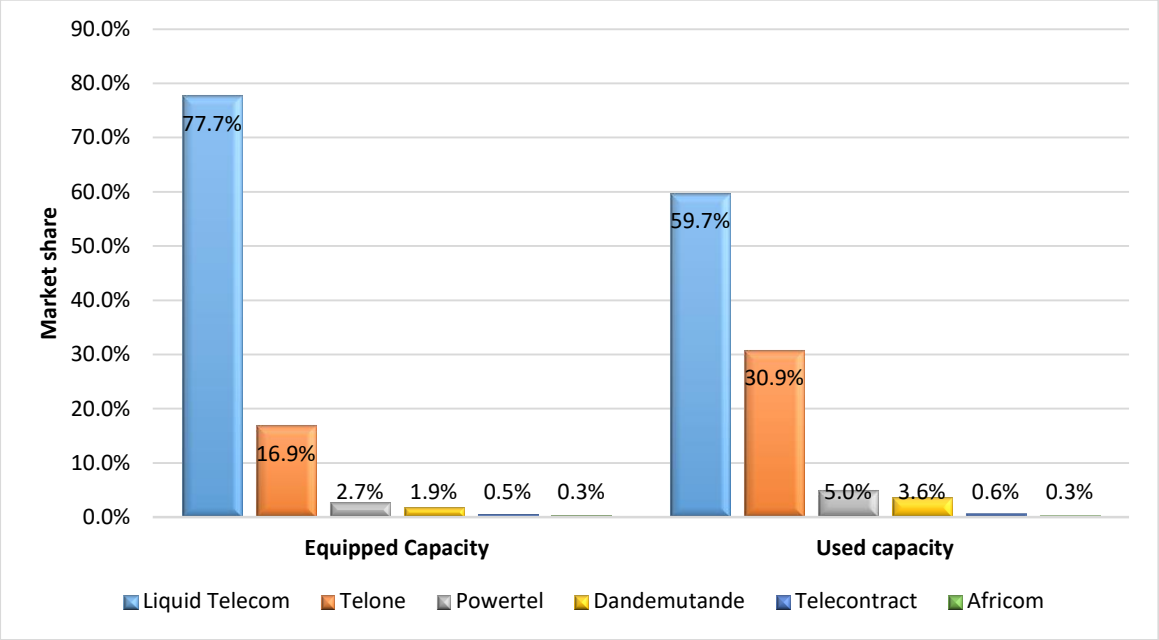
Figure 16: Growth in Used and Equipped International Incoming Bandwidth Capacity



From Figure 16 above, the gap between the equipped capacity and used capacity is wide, which show that there was excess capacity that was not used.

The market share of equipped and used international bandwidth capacity in the first quarter of 2018 was as follows:

Figure 17: Market share of equipped and used bandwidth capacity



Liquid Telecom had the biggest market share for equipped and used capacity of 77.7% and 59.7% respectively, followed by TelOne with 16.9% market share for equipped capacity and 30.9% for used capacity.

4.3 IAP REVENUES

Total revenue generated by the IAPs in the first quarter of 2018 was $79,450,535. This represents a 52.18% increase from $52, 207,950 recorded in the last quarter of 2017.

Individual operator market share of revenues is shown in Table 8 below:

Table 8: IAP revenues market share

Operator	Market Share		
	Q4 2017	**Q1 2018**	**% change**
Liquid	54.3%	64.9%	10.56%
TelOne	23.2%	20.0%	-3.17%
Powertel	12.8%	8.6%	-4.18%
Dandemutande	5.8%	3.6%	-2.21%
Africom	2.8%	2.1%	-0.69%
Telecontract	1.1%	0.8%	-0.31%
Total	**100.0%**	**100.0%**	**100%**

IAP revenues are expected to continue increasing on the back of growing internet and data consumption.

5. POSTAL & COURIER SERVICES

5.1 POSTAL & COURIER VOLUMES

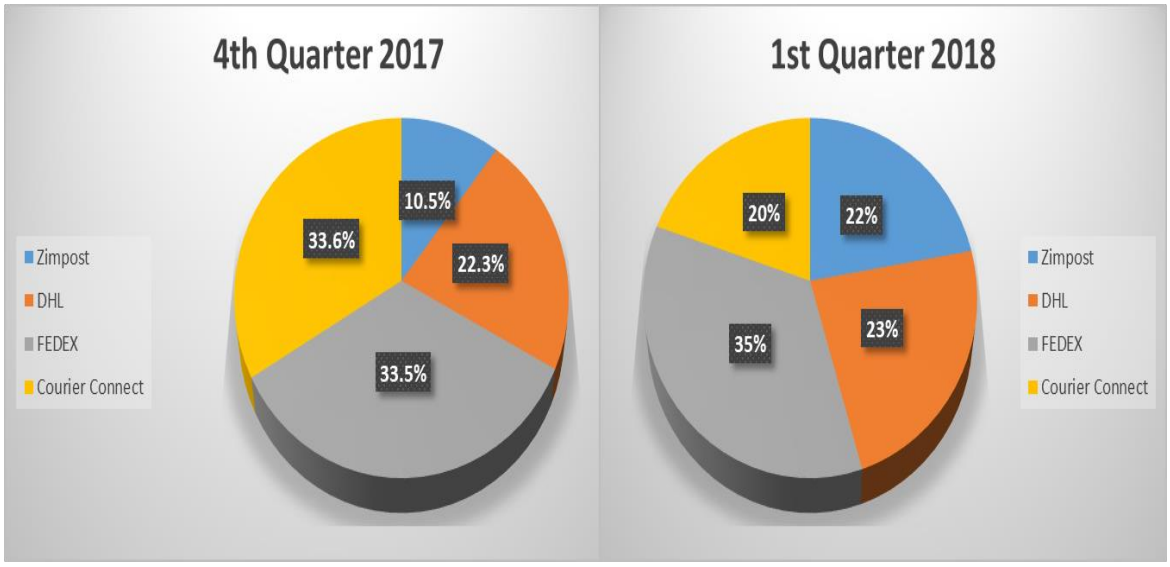
The postal and courier sector recorded an overall decline of 1.6% in total postal and courier volumes in the first quarter of 2018. Table 9 below shows a quarterly comparison of the postal and courier volumes by category.

Table 9: Postal and courier volumes

Postal and Courier Service	4th Quarter 2017	1st Quarter 2018	% Growth
Domestic postal letters	1,264,901	1,295,605	2.43%
Domestic courier	139,440	140,137	0.50%
International incoming postal & courier	347,441	314,065	-9.61%
International outgoing postal & courier	108,965	81,328	-25.36%
Total Postal & Courier	**1,860,747**	**1,831,135**	-1.59%

As shown above, domestic postal letters and domestic were the two categories to register growth. International incoming and outgoing postal and courier services declined by 9.6% and 25.4% respectively. The domestic postal volumes above comprised of all domestic letters processed by Zimpost. The market share of domestic courier services was as follows:

Figure 18: Market share of domestic courier



As shown above, Fedex had the largest market share (35%) of domestic courier in the first quarter of 2018. Courier Connect experienced a decline of 13.6% in market share of domestic courier. On the other hand, ZIMPOST gained 11.5% market share of domestic courier to close the first quarter of 2018 with 22% market share.

Zimpost dominated the international outgoing postal and courier market with 76.2% market share, followed by DHL with 16.5%. ZIMPOST's big market share is attributed to the large volumes of international outgoing postal services that it delivers. Table 10 below shows a comparison of market shares in the last quarter of 2017 and first quarter of 2018.

Table 10: Market share of International Outgoing Postal & Courier

Operator	4th Quarter 2017	1st Quarter 2018
Zimpost	81.0%	76.2%
DHL	13.1%	16.5%
FEDEX	5.0%	6.2%
Courier Connect	0.2%	0.3%
Skynet	0.5%	0.6%
UPS	0.1%	0.2%

The quarterly variation in the market share of international incoming postal and courier is shown in Table 11 below:

Table 11: Market share of International Incoming Postal & Courier

Operator	4th Quarter 2017	1st Quarter 2018
Zimpost	97.5%	97.5%
DHL	0.5%	0.5%
FEDEX	0.9%	1.0%
Courier Connect	0.2%	0.2%
Skynet	0.1%	0.1%
UPS	0.8%	0.8%

As shown above, Zimpost market share of international incoming courier remained at 97.5% in the first quarter of 2018. The big market share is attributed to the large volumes of international incoming postal services that Zimpost processes.

5.2 POSTAL & COURIER REVENUES & INVESTMENT

The postal and courier sector recorded a decline in total revenues and operating costs and a growth in investment in the first quarter of 2018 as shown in Table 12 below:

Table 12: Postal & Courier Revenues, Costs & Investment

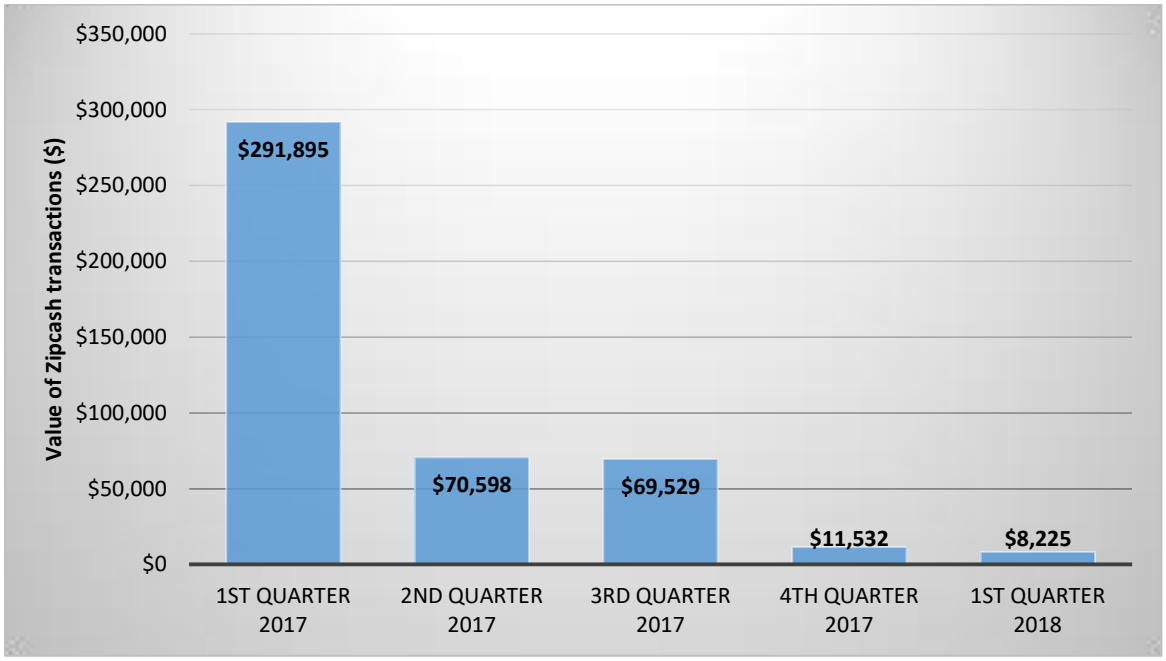
Revenue, Cost or Investment	4th Quarter 2017	1st Quarter 2018	% Growth
REVENUES	$12,721,091	$9,133,022	-28.21%
OPERATING COSTS	$13,318,159	$9,426,520	-29.22%
INVESTMENT	$95,675	$218,722	128.61%

The decline in revenues is attributable to the decline in postal and courier volumes.

5.3 ZIPCASH

The total value of Zipcash transactions declined by 29% to record $8,225 in the first quarter of 2018 from $11,523 recorded in the last quarter of 2017. The value of Zipcash transactions has been consistently declining as shown in Figure 19 below:

Figure 19: Zipcash transactions



The decline in the value of Zipcash transactions can be attributed to the current liquidity challenges.

6. OUTLOOK

The telecommunication sector continues to be a critical force for growth and innovation and disruption across all sectors of the economy. The exponential growth trend in data consumption is expected to continue unabated. This will be largely driven by the introduction of new applications and services in the market such as internet video, especially as operators are now looking at participating in the media space. Accordingly, the industry is likely to see the contribution of data and internet to total revenue outpacing the voice revenue contribution. Voice is slowly taking a back seat, while data and internet services are taking over as the main driver for sector growth.

The underlying trends of Machine to Machine (M2M), Big Data Analytics, Cloud Computing and the over-arching Internet of Things will grow, albeit at a slow pace due to the limited absorptive capacity of the economy which is yet to be developed. The sector however expects the adoption of IoT to become a critical engine for future growth going forward as new innovative applications come on board. A huge range of industries – from automotive, retail and utilities, to home security and health – are adopting IoT strategies which will

require high speed data and internet networks to support a myriad of uses. Other government driven initiatives such as e-government, tele-medicine and e-learning will also act as drivers for huge data and internet services demand. 4G/LTE deployment, Fibre to the Home (FTTH) deployment and network upgrades are expected to take centre stage as operators try to keep up with increased demand for high speed internet.

Telecommunications operators are also expected to focus more heavily on customer retention and churn in the face of dwindling revenues from traditional voice and SMS services brought about by market saturation and the disruptive rise of the OTTs. Promotions and new products will continue to be offered as operators try to reduce the negative effects of OTTs on revenues. Cutting costs will remain a crucial step for many operators in order to accommodate for financial losses from traditional voice.

Although the mobile penetration rate experienced a big decline in the first quarter of 2018, it is expected to grow marginally during the course of the year. The internet penetration rate has surpassed the 50% mark and is expected to continue growing on the back of 3G and 4G as well as fixed internet technologies such as Fibre and ADSL. The fixed teledensity has remained stagnant at 1.9% though a marginal growth in the fixed telephone subscriber base is expected. Mobile money subscriptions are expected to grow as all mobile operators have fully operational mobile money system that is linked to various banks.

The year 2018 is also expected to witness growth in telecommunications revenues, largely driven by data and internet usage. Upcoming elections are likely to spur the usage of social media and data services, thus increasing the volume of internet usage. The hunger for data remains insatiable, and this will continue as a key focus area for all telecoms players.

Mobile money services are expected to continue playing a key role of bridging the financial divide by providing safe, secure, convenient and cheap financial services in areas where many Zimbabweans have no access to formal banking systems. Volumes of mobile money payments are expected to maintain an upward trend due to the significant increase in the number of financial services offered on mobile money platforms.

Roaming will see a substantial increase in traffic. This will be driven by the ease of global travel as the country rebuild its relations with the international community as well as the SADC's home and away roaming initiative.

The postal and courier sector continues to record depressed service volumes and revenues. The impact of e-substitution on the postal and courier business is expected to continue as the data revolution gathers momentum. E-commerce needs to be supported, as it is a key driver of international courier volumes and revenues.