



BAHRAIN TELECOM PRICING INTERNATIONAL BENCHMARKING 2020

FINAL REPORT: March 2021



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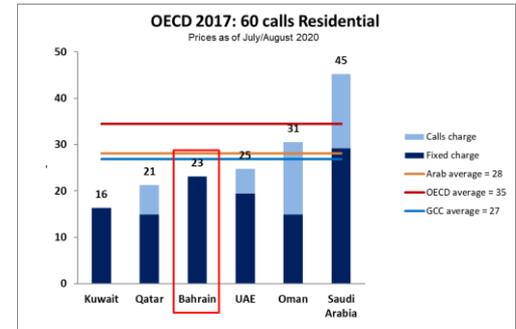
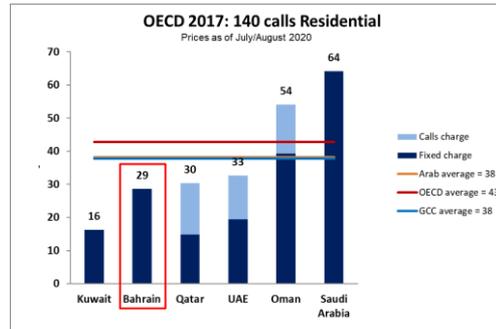
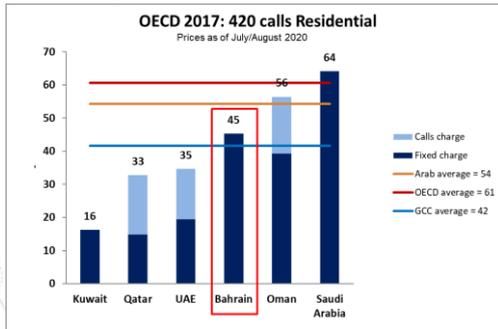
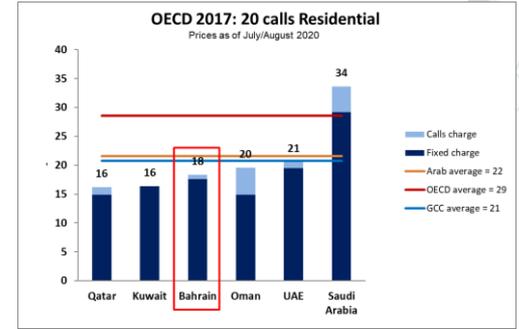
Report Overview

- ◎ This report focusses specifically on Bahrain retail prices for telecommunications services in compared to GCC countries, Arab average and OECD average
- ◎ The services covered in this report are the same as the services covered in the main AREGNET report, namely:
 - Fixed voice (PSTN)
 - Mobile telephony
 - Fixed broadband
 - Mobile broadband
 - Leased Lines
- ◎ In addition, aggregate analyses have been included, to illustrate the likely total costs faced by consumers and businesses separately who subscribe to a number of communications services. In this analysis, 3 types of user have been defined for consumers; with low usage, medium usage and high usage, and 2 types of user for businesses; medium and high usage
- ◎ All the results contained in the report are derived directly from data from the main AREGNET study, which is based on OECD methodologies, and which uses data gathered in July/August 2020
- ◎ References to both GCC and Arab averages are included, for comparison. Where relevant the OECD average is also shown
- ◎ The results are shown in US\$/PPP, based on exchange rates taken from oanda.com as of August 2020. The PPP conversion uses World Bank “Comparative Price Levels” from 2019. In a shift from the approach taken in previous years, the OECD results have been PPP adjusted using World Bank CPLs, in line with the AREGNET countries. This has been done to ensure greater comparability between OECD and ARGNET results. This does mean, however, that the OECD results cannot be viewed as the official OECD results
- ◎ An overview of the study methodology, as well as a description of the baskets considered within each service can be found in a separate document*

* AREGNET Price Benchmarking Methodology 2020

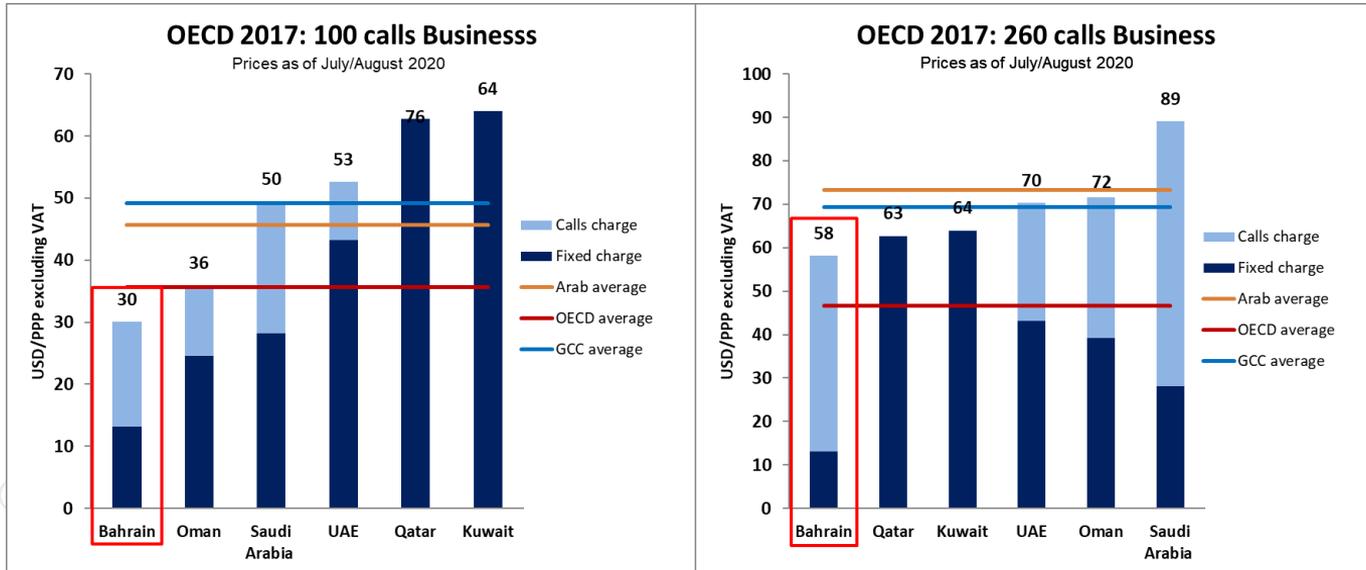
Fixed Voice Residential Baskets

- Bahrain's ranking varies depending on the basket. For the very lowest basket, Bahrain sits just behind Qatar and Kuwait, although the costs are very similar. Notably for this basket, all GCC countries apart from Saudi Arabia are broadly on par.
- Bahrain remains among the cheapest for the 60 calls and 140 calls basket, while for the 420 calls basket, it is positioned mid-range. As in previous years, the fixed charge for Bahrain is low, and there are various options to include extra minutes, resulting in a very competitive offer across all baskets. Many of the other GCC countries also include lower or "free" fixed line calls.
- Bahrain is consistently below all averages (Arab, GCC and OECD) for all baskets, apart from the 420 calls basket, where it sits slightly above the GCC average (at USD PPP 45, compared to USD PPP 42 for the GCC average). It is still below the Arab and OECD averages for this basket, however.



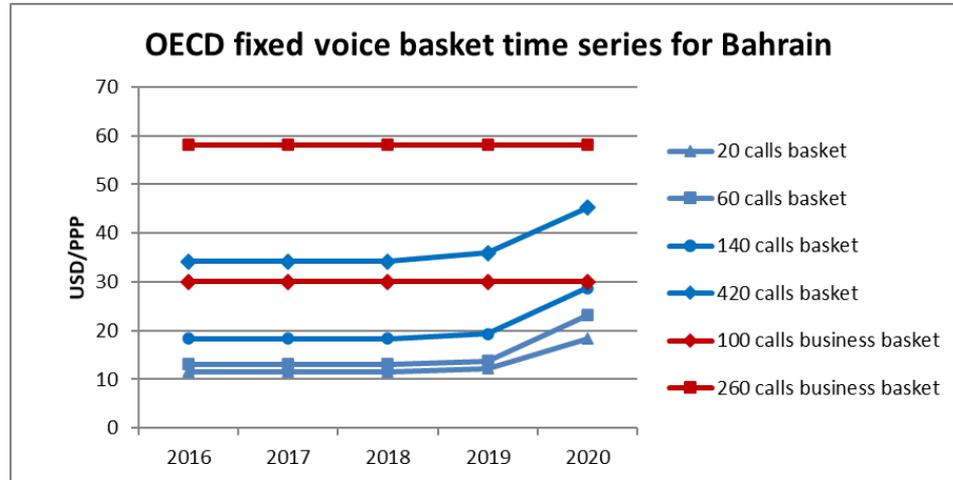
Fixed Voice Business Baskets

- ⦿ Bahrain has the lowest fixed charge for business telephone lines but has relatively high calling charges. Despite this, Bahrain is performing well for both the low usage (100 calls) and high usage (260 calls) basket, with the lowest overall cost.
- ⦿ Usage charges will escalate much faster with usage in Bahrain than in the other countries, meaning that for usage above approx. 500 calls Bahrain will be more expensive than some of the other countries



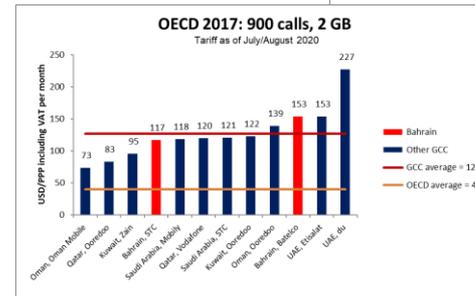
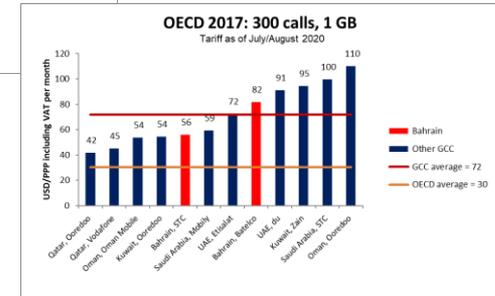
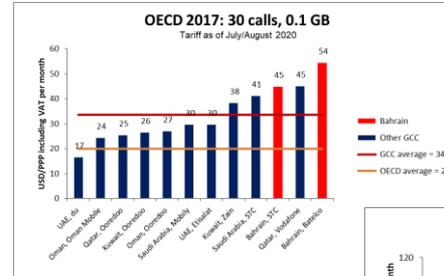
Fixed Voice Baskets Time Series For Bahrain

- Fixed voice pricing in Bahrain was broadly static over the period 2016 to 2018 for most users. This is a typical trend with fixed voice in many countries.
- The inclusion of 5% VAT for 2019 resulted in a corresponding increase for residential users, while in 2020, Batelco increased rentals, while including a set number of minutes as part of the offer (100 on-net minutes). This pushed up the cost for all residential baskets by between 26% and 51%, depending on the basket
- For business baskets, prices have remained static



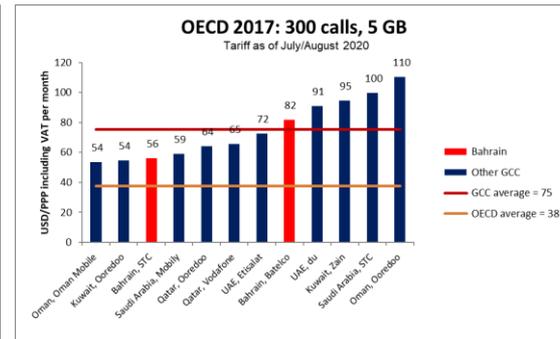
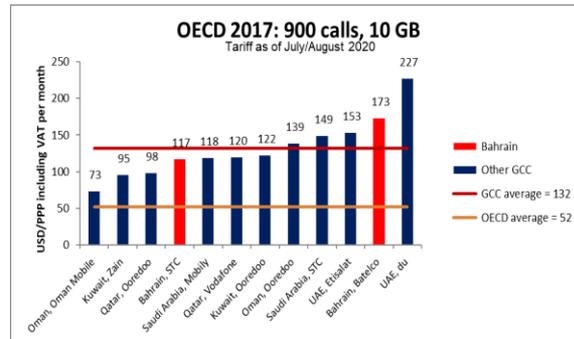
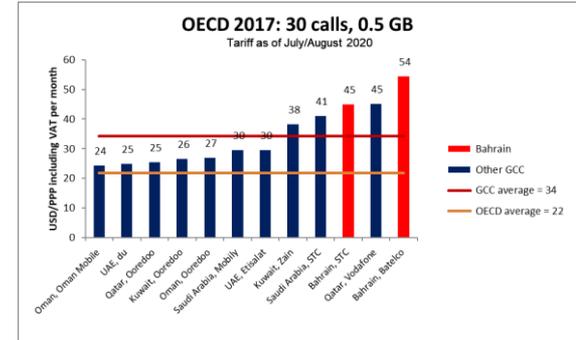
Mobile Baskets With Low Data

- For very low data (and call) usage, Bahraini operators are typically somewhat less competitive across the GCC, with both providers sitting at the upper end in terms of ranking, with Batelco having the highest cost for the 30 calls + 0.1GB basket, and STC Bahrain being 3rd most expensive. In Bahrain, the minimum data allowance available is 1GB, hence its less favourable positioning for the low calls and data basket. Costs in Bahrain at this usage level are above both the GCC average and the OECD average.
- As data usage increases, prices in Bahrain become more competitive, most notably for STC. For the 300 calls+1 GB basket, STC is the fifth cheapest provider, but on par with the 4 cheapest, while for the 900 calls + 2GB basket, STC Bahrain ranks in 4th place. Batelco is 3rd most expensive, however.
- For the three usage scenarios, the OECD is consistently much lower than most GCC operator costs. Many countries in the OECD have highly competitive markets, with several licensed operators as well as numerous MVNOs, which has continually driven down the cost of mobile services. Even though there has been an increase in data allowances, low cost low data packages are still prevalent in many countries, to attract low users.



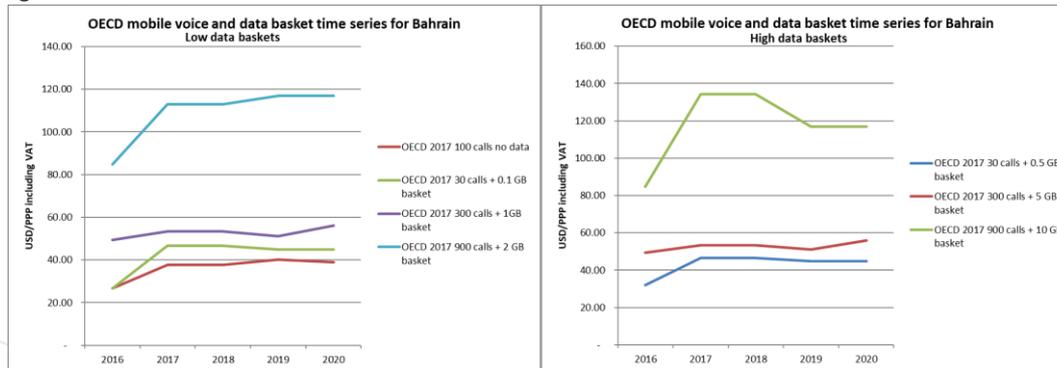
Mobile Baskets With High Data

- The higher data usage baskets show STC Bahrain to be much more competitive across the GCC countries. The 30 calls + 0.5GB basket is still too low to show either Bahraini operator in a competitive light, but the 300 calls + 5GB and 900 calls + 10GB, STC Bahrain is either on par with or close to the cheapest. STC is also comfortably below the GCC average for the two higher data baskets. Batelco is positioned less favourably, sitting above both the OECD and the GCC averages.
- While all GCC operators continue to sit above the OECD average, the gap is significantly less for lower data usage. For the 900 calls + 10GB basket, Oman Mobile (the cheapest for this basket), while higher than the OECD average is not significantly out of line with it.



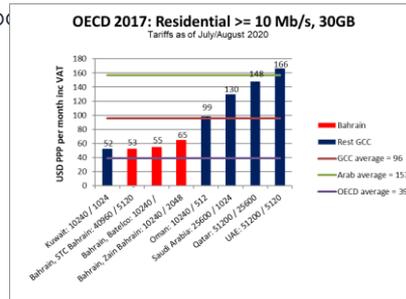
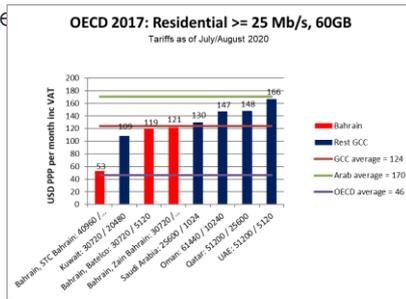
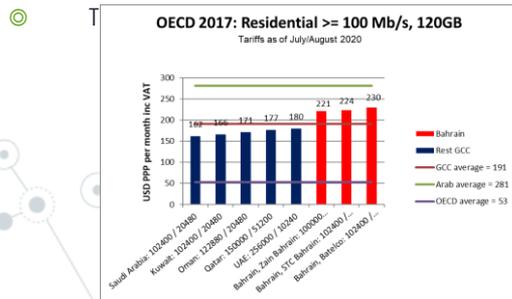
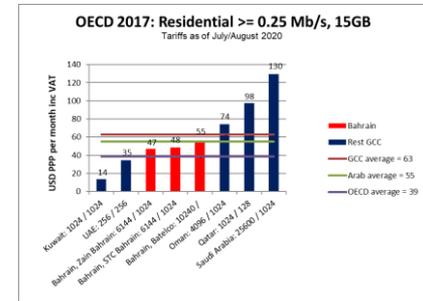
Mobile Baskets Time Series For Bahrain

- Following a more volatile shift in prices in earlier years, due to the Bahraini operators focused on plans including relatively high data allowances, prices have either been much more stable over the past year, with either no or limited increases. Most changes focused on small adjustments to prepaid packages.
- For the low data baskets, it was the 300 calls + 1GB basket that saw the biggest increase – just over 9%, while the other two baskets saw either no or only very small changes. A similar trend was observed for the high data basket, with the increase being seen for 300 calls + 5GB, again at just over 9%.
- Since 2016, mobile costs have risen by an average 38% (ranging from 14% to almost 70% depending on the basket). A large part of this rise is due to adjustment of plans around mobile data a few years ago, in particular, with the inclusion of much larger allowances, impacting the no and low data baskets to a greater degree. As reported last year, 2019 saw the inclusion of VAT on residential offerings at 5%, while over the past year, there have been some changes to prepaid offerings, with removal of some prepaid plans and an increase on the validity of top-ups, that have had an impact, sometimes significant, on the basket costs.



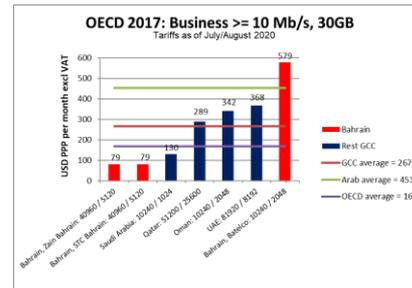
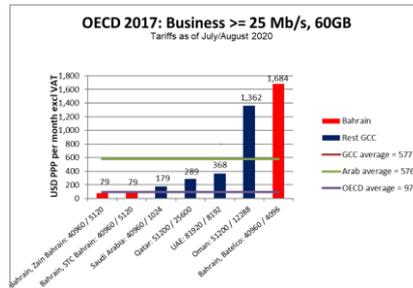
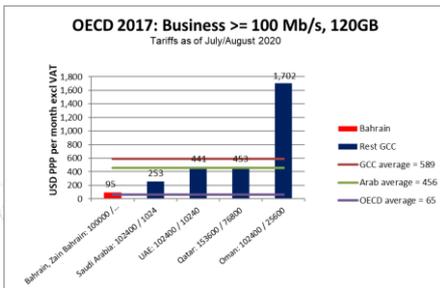
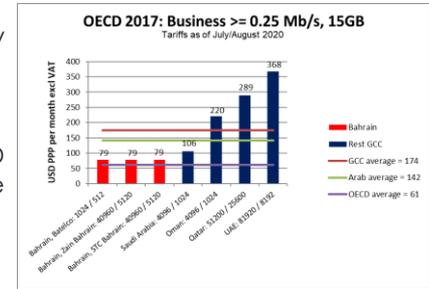
Fixed Broadband Baskets, Residential Tariffs

- Bahrain continues to have very favourable fixed broadband pricing across the GCC countries, with costs for residential users among the lowest across the 6 countries, except for the >100 Mb/s basket.. Note, additional providers STC and Zain have been considered this year. Additionally, fixed-wireless services are also included in this analysis. For the ≥ 10 Mb/s basket and ≥ 25 Mb/s baskets, the STC service is LTE-based, while for the ≥ 100 Mb/s basket, the Zain offering is LTE-based.
- For the lowest speed basket, Kuwait has an especially low cost offering. The three Bahraini providers sit just above second-cheapest, UAE, and have very similar priced offerings. For the next two baskets, Bahrain is similarly very competitively positioned. For the ≥ 10 Mb/s basket, all three providers are only slightly above the cheapest, Kuwait, while for the ≥ 25 Mb/s basket, STC Bahrain has the cheapest offer, and Batelco and Zain are third and fourth cheapest. There is a complete reversal for the ≥ 100 Mb/s basket however, with all three Bahraini providers have the most expensive offerings
- The OECD average is generally lower than both the GCC and Arab averages, particularly for the higher speed baskets, however, Bahrain sits close to or below the OECD average for the three lowest speed baskets.



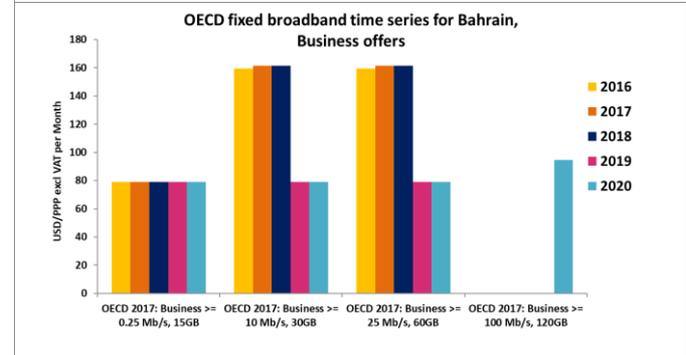
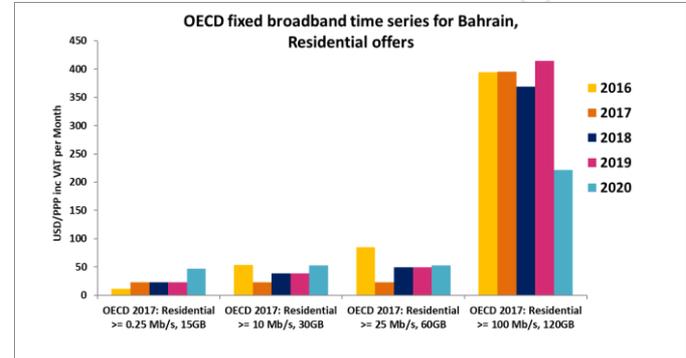
Fixed Broadband Baskets, Business Tariffs

- In contrast to the residential tariff basket results, the position of Bahrain when based on business services is a little more variable.
- When considering all services (i.e., ≥ 0.25 Mb/s), Bahrain has the cheapest offering. As the minimum speed requirement increases, Batelco jumps to being among the most expensive across the GCC countries.
- By contrast, Zain and STC remain as the cheapest providers. For the ≥ 100 Mb/s basket, the only provider in Bahrain to offer services is Zain
- Note: both the Zain and STC business offerings are LTE-based.
- In general, there is a dramatic difference between prices for business services in Arab and OECD countries, however, the offering from Bahrain are often on par with or below the OECD average cost.
- The results shown, including average results are for medium usage



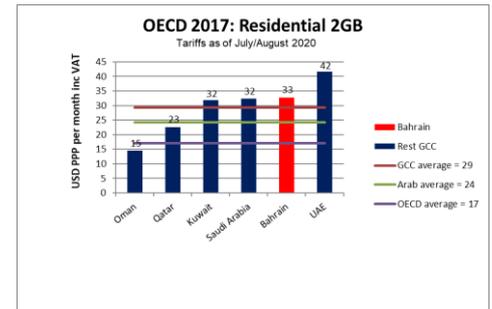
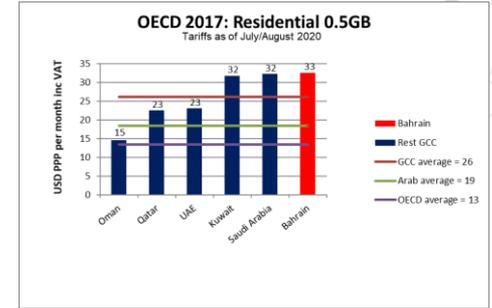
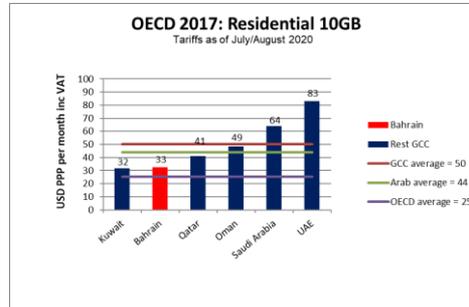
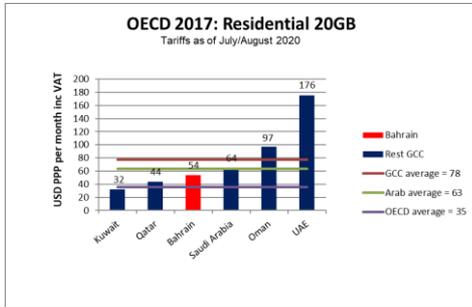
Fixed Broadband Baskets Time Series For Bahrain

- Since 2016, higher speed residential fixed broadband prices in Bahrain have generally fallen, while lower speed prices have either climbed or remained flat. This is a typical trend, and one which was observed over the last year as well.
- Batelco services are a mix of ADSL and fibre offerings, while STC and Zein are a mix of fibre and LTE-based plans, covering both 4G and 5G. All providers have data allowances on some of their services, although these are generally quite high.
- The very lowest speed business fixed broadband prices in Bahrain have remained generally static over time, in contrast to the residential fixed broadband prices. For the ≥ 10 Mb/s and ≥ 25 Mb/s baskets, following the large reduction over the period 2018 to 2019, these have not seen any changes over the past year. The only change to business pricing from 2019 to 2020 has been the introduction of pricing for the high speed, ≥ 100 Mb/s basket



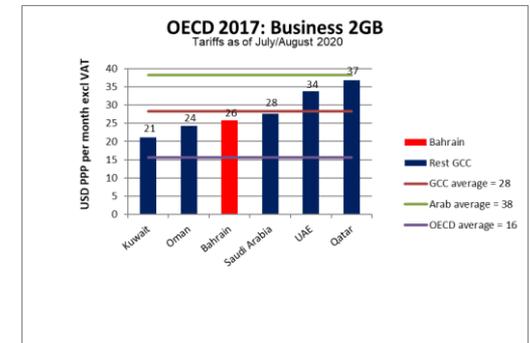
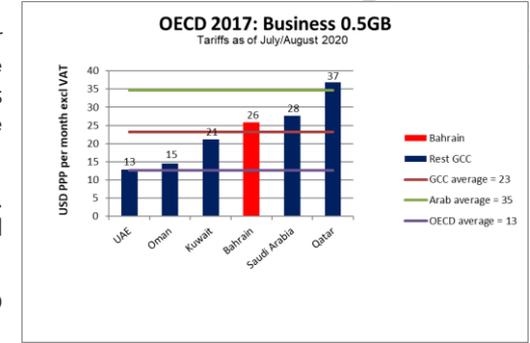
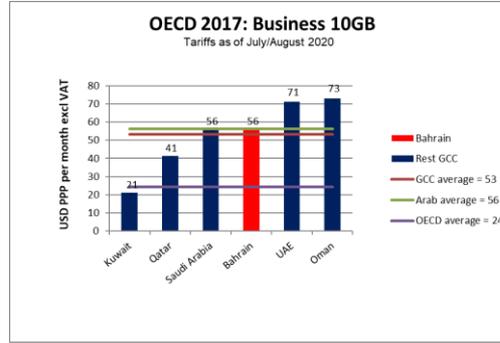
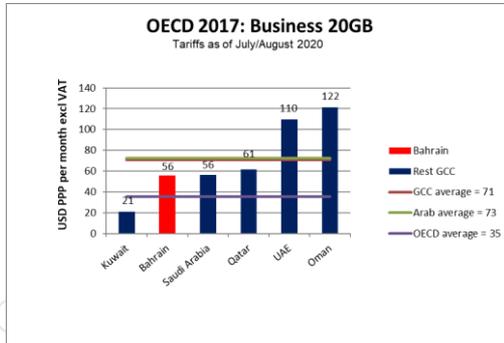
Mobile Broadband Baskets, Residential Tariffs

- For lower usage, Bahrain generally has less favourable residential mobile broadband pricing compared to the other GCC countries, however, its position improves with increased data usage. This is a trend that has also been observed with mobile voice and data pricing.
- For a low usage basket of 0.5 GB, Bahrain is the most expensive, and for the 2GB basket, it is second most expensive.
- However, for a user requiring 10GB, Bahrain has the second cheapest offering across the GCC countries, and is on par with the cheapest, Kuwait, as well as the OECD average and well below both the GCC and Arab averages.
- Bahrain ranks third cheapest for the 20 GB basket, after Kuwait and Qatar.
- The OECD average is consistently lower than both the GCC and Arab averages.



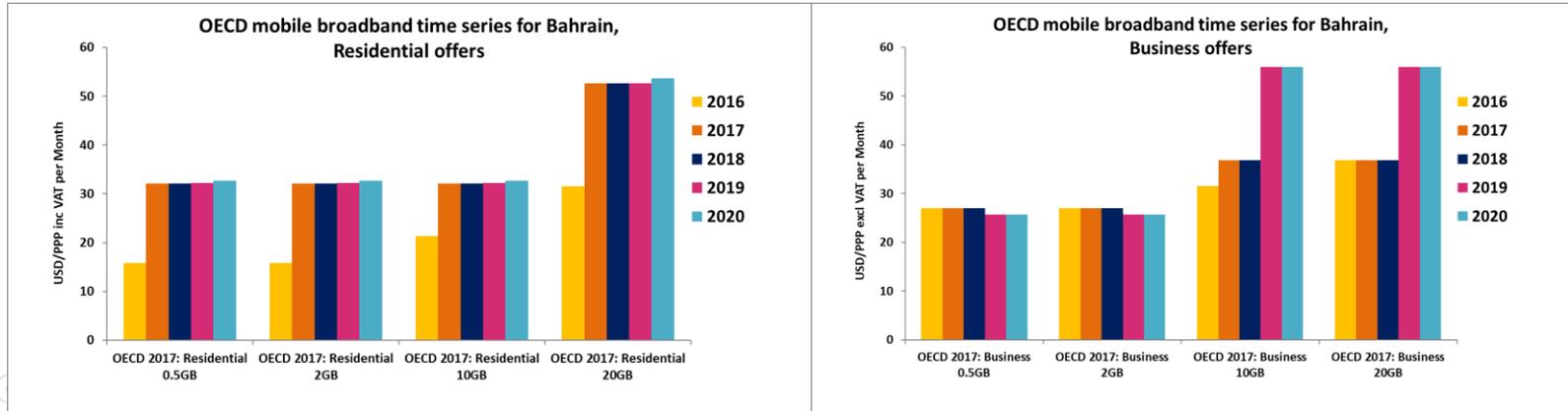
Mobile Broadband Baskets, Business Tariffs

- The results for business mobile broadband for Bahrain differ a little to the results for residential mobile broadband. For the 0.5 GB basket, Bahrain is third most expensive (compared to most expensive for the residential basket), and for the 2GB basket, it ranks as third cheapest, after Kuwait and Oman (although it is on par with both of these countries in terms of cost).
- For the 10GB basket, Bahrain ranks fourth, but has a near-identical cost to Saudi Arabia. Finally for the 20GB basket, Bahrain is second cheapest, after Kuwait. Saudi Arabia and Qatar are on par in terms of cost, however.
- In general, there is a stark contrast between prices for business services in Arab and OECD countries.



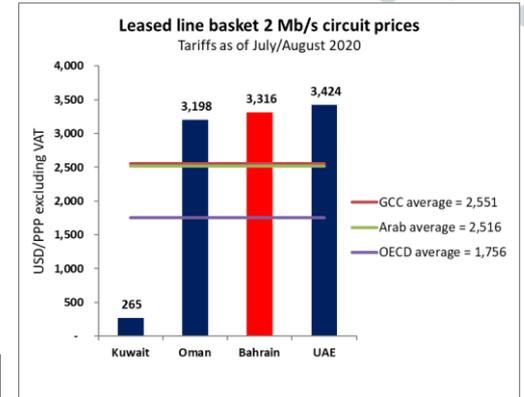
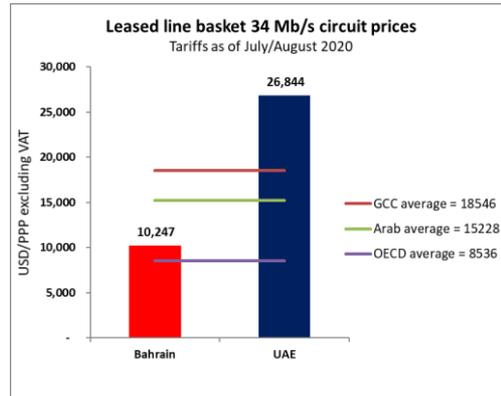
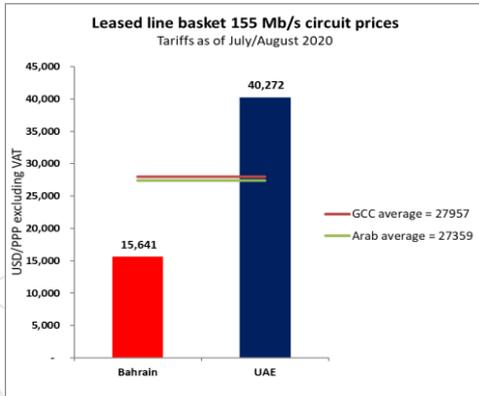
Mobile Broadband Baskets Time Series For Bahrain

- There have been limited changes to mobile broadband pricing since last year that have impacted the basket costs. Residential pricing has increased slightly across all baskets, driven by increases in connection charges.
- For business services, pricing has also been static, with no change to pricing over the past year that have had an impact on the basket costs. This is a typical picture in many countries, where mobile broadband prices rarely change.



Leased Line Baskets

- Bahrain only features in three baskets – 2 Mb/s, 34 Mb/s and 155 Mb/s. At these speeds, there are very few GCC countries that publish leased line pricing data. In addition to Bahrain, only Oman, Kuwait and UAE have published prices, and for the 34 Mb/s and 155 Mb/s service, it is only UAE.
- For the two highest speed baskets, where the only other pricing is from UAE, Bahrain is the cheapest, with costs being over 60% cheaper.
- For the 2 Mb/s service, prices in Bahrain are broadly on par with Oman and UAE. Kuwait pricing is especially low.
- Pricing in Bahrain is almost double the OECD average for 2 Mb/s but is only slightly above the OECD average for 34 Mb/s.



Leased Line Baskets Time Series For Bahrain

- ◎ The prices for leased lines in Bahrain remained constant from the first Arab Price Benchmarking Study in 2008 until 2018. Between 2018 and 2020, there were some changes.
 - Several countries have stopped publishing prices since the last update.
 - There are no longer any published prices for 64 kb/s or for 256 kb/s for Bahrain.
 - Up to 2018, pricing for Bahrain has been for traditional leased lines. For 2020, however, this data is no longer published, but rather, there is data on MPLS-based services, which is permissible under OECD methodology, providing it is based on a point-to-point connection.
 - As the results for 2020 are based on a different service to previous years, a comparison against historic pricing is not a fair one, and therefore no graph has been included for this year (no comparable historic data)
- ◎ There were no changes to any of the other GCC countries for leased line pricing over the period 2018 to 2020.

Residential Aggregate Basket Analysis

- A simple aggregation of services for residential use has been constructed, based on three separate usage profiles, as follows:

- Low user: low usage across fixed and mobile voice, and with a requirement for only basic fixed broadband

PSTN	Mobile voice	Fixed broadband
20 calls	30 calls + 100MB	≥ 0.25 Mb/s, 5GB

- Medium: a user who makes modest use of fixed and mobile voice and broadband services

PSTN	Mobile voice	Fixed broadband	Mobile broadband
60 calls	100 calls + 2GB	≥ 10 Mb/s, 30GB	2 GB/month

- High: a more intensive user, with high use of services, and with a requirement for higher broadband speeds than a medium user

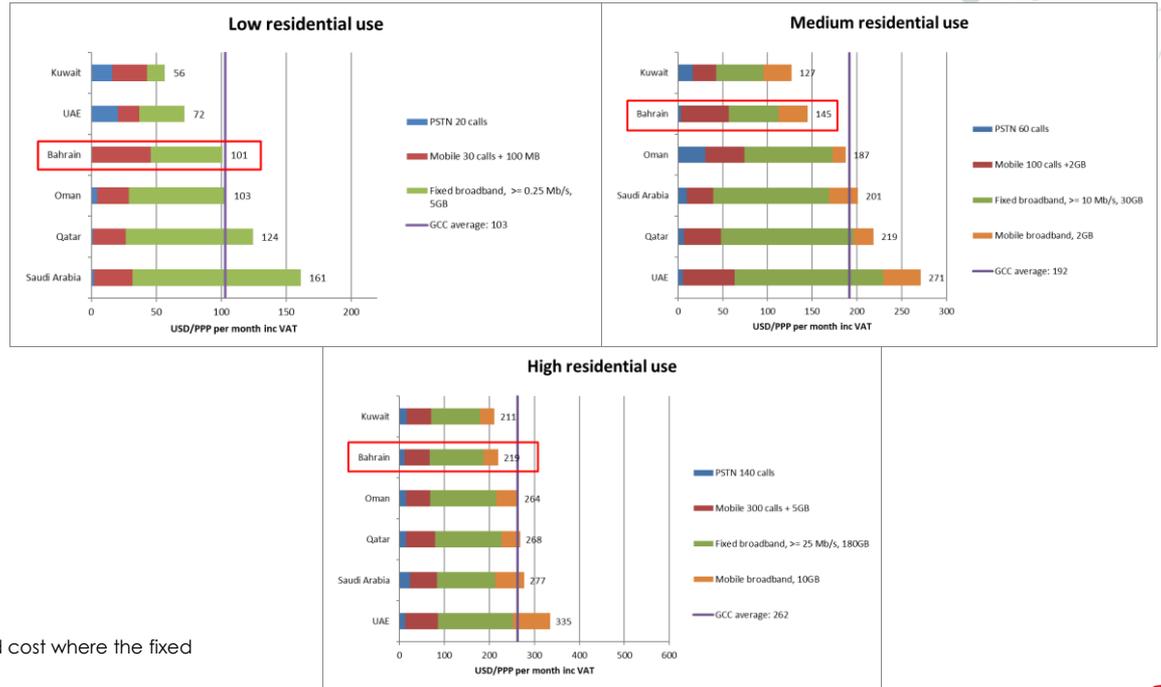
PSTN	Mobile voice	Fixed broadband	Mobile broadband
140 calls	300 calls + 5GB	≥ 25 Mb/s, 180GB	10 GB/month

- The analysis is based on the incumbent provider for broadband in each of the GCC countries, as with the main standalone analysis.

- Each user profile has been costed by taking the result for each individual service basket, and summing to produce a total cost. This is a relatively simplistic method for considering multiple service use, however, it provides an indication of likely overall costs that different types of users will face.

Residential Aggregate Basket Results

- Bahrain is the second cheapest across the 6 GCC countries for both the medium and high residential baskets, and 3rd (cheapest) across the 6 countries for low use. The low usage baskets costs are driven up by high fixed broadband and high mobile costs.
- For the low use basket, costs in Oman are on par with Bahrain, while for the medium and high use basket, costs in Bahrain are reasonably aligned with the cheapest country, Kuwait.
- For all baskets, Bahrain sits below the GCC average.



Results include any adjustment due to reduced cost where the fixed broadband offer includes fixed voice service.

Business Aggregate Basket Analysis

- Similar to the approach for residential use, a simple aggregation of services has been constructed for business use, based on two separate usage profiles, as follows :

- Medium: a user who makes modest use of fixed and mobile voice and broadband services

PSTN	Mobile voice	Fixed broadband	Mobile broadband
100 calls (business)	100 calls + 2GB	>= 10 Mb/s, 30GB	2 GB/month

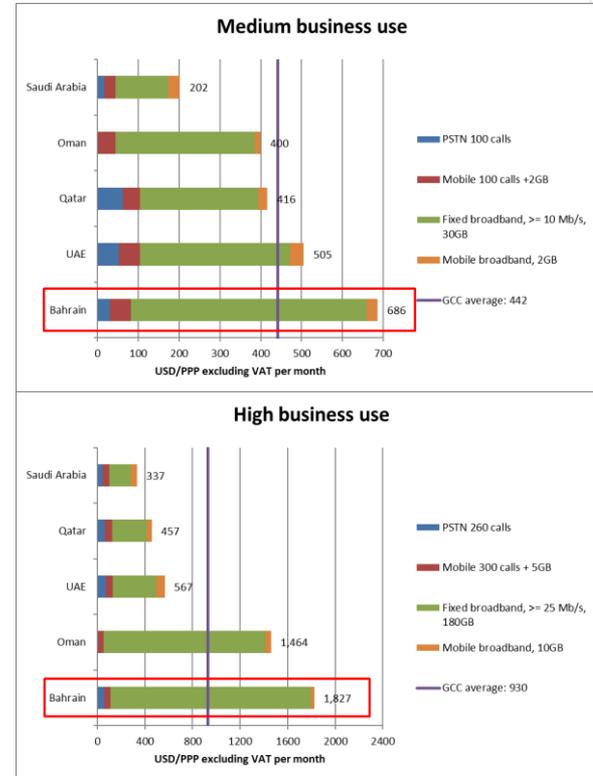
- High: a more intensive user, with high use of services, and with a requirement for higher broadband speeds than a medium user

PSTN	Mobile voice	Fixed broadband	Mobile broadband
260 calls (business)	300 calls + 5GB	>= 25 Mb/s, 180GB	10 GB/month

- The business profiles are similar to the residential profiles but use the business baskets (and business pricing) for fixed voice, and business pricing for fixed broadband. As many business users will use residential services for mobile, the results used for mobile voice and broadband services consider both business and residential offerings.
- The analysis is based on the incumbent provider for broadband in each of the GCC countries, as with the main standalone analysis.
- Each user profile has been costed by taking the result for each individual service basket, and summing to produce a total cost. This is a relatively simplistic method for considering multiple service use, however, it provides an indication of likely overall costs that different types of users will face

Business Aggregate Basket Results

- For both medium and high business use, Bahrain is the most expensive of the GCC countries, with the main reason for this being the very high cost for fixed broadband from incumbent, Batelco. While business broadband is expensive in many GCC countries, it is especially so in Bahrain.
- Due to some business tariffs not being published in Kuwait, it has been excluded from the business results.



Results include any adjustment due to reduced cost where the fixed broadband offer includes fixed voice service.

Summary Of Findings (1)

	Bahrain results compared to GCC averages	Bahrain results compared to Arab averages	Bahrain results compared to OECD averages
Fixed voice (Low usage)			
Fixed voice (High usage)			
Mobile (Low data)			
Mobile (High data)			
Fixed broadband (Low speed)			
Fixed broadband (High speed)			
Mobile broadband (Low usage)			
Mobile broadband (High usage)			

Better than ...

On par with ...

More expensive than ...

Summary Of Findings (2)

- ⦿ Compared to GCC averages, the cost of telecoms services in Bahrain are typically below or on par the GCC average. Similarly, telecoms costs in Bahrain are typically below or on par with the Arab average.
- ⦿ When compared to the OECD average, however, the picture is more mixed:
- ⦿ For fixed voice services, Bahrain is generally well positioned against the OECD average.
- ⦿ Similarly, lower speed fixed broadband services, and higher usage mobile broadband services are aligned with OECD averages for some baskets.
- ⦿ For mobile voice and data services, higher speed fixed broadband and lower usage mobile broadband, Bahrain is more expensive than the OECD average, and in some cases significantly so.
- ⦿ For fixed broadband services, many of the OECD countries have markets with multiple providers, resulting in strong competition which has driven down prices over time. In addition, providers have focused on increased speeds, with the rollout of fibre networks in many countries.
- ⦿ While fixed broadband services are subject to competition in Bahrain, prices from the largest provider, Batelco, have not changed significantly over time, and the cost for very high speed services in particular remains high.
- ⦿ Similarly, across OECD countries, mobile services have seen continual declines in cost, and increases in data allowances, and this is continuing as 5G services are being rolled out in a number of countries. Even though there has been a decrease in cost for higher data users, services for lower users, with no or very small data allowances, are still very prevalent.
- ⦿ In Bahrain, by contrast, most mobile services include large data allowances, and pricing is geared towards higher usage, which means that, particularly for lower usage baskets, Bahrain compares less favourably against the OECD average. For mid-high data use (5GB), while Bahrain is still a lot higher than the OECD average, it is much more on par than for very low or very high data use.
- ⦿ In some instances, the position of Bahrain relative to averages across GCC, Arab and OECD averages has decreased over the previous year. This was driven by various tariff changes in Bahrain, as well as elsewhere. Fixed voice prices in Bahrain saw some increase, for example, while for mobile voice, some prepaid offers were removed, and other tariffs adjusted. For lower speed (residential) fixed broadband pricing, some prices have increased in Bahrain – a trend also notable in other countries. Finally, for mobile broadband, Bahrain introduced new offers, resulting in some increases. In the comparator countries, more reductions were seen.

Acronyms Used In The Context Of This Report

- ⦿ OECD: Organisation of Economic Co-operation and Development
- ⦿ OECD countries: Australia, Austria, Belgium, Canada, Chile, Colombia, Czech Rep., Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Rep., Slovenia, Spain, Sweden, Switzerland, Turkey, UK, USA
- ⦿ AREGNET: Arab Regulators Network
- ⦿ AREGNET member countries: Algeria, Bahrain, Comoros, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, UAE, Yemen
- ⦿ PPP: Purchasing Power Parity, exchange rates adjusted for the purchasing power of consumers in each country. Used in international comparisons to adjust for market differences
- ⦿ Service: A telecommunications service al comparisons to adjust for market differences
- ⦿ Basket: A theoretical usage profile describing the usage volumes across different types of calls and/or different kinds of usage. The basket includes all important elements of the service, including fixed cost elements
- ⦿ Tariff: The description of all the end user prices related to a service
- ⦿ Tariff element: The part of a tariff describing the price(s) for a single type of call or service component
- ⦿ Basket calculation: The process where the Basket is applied to the individual tariff in order to calculate the cost of the individual tariff elements and the overall cost
- ⦿ Basket result: The cost of using the service as described in the Basket
- ⦿ Re-balancing: The process through which the prices are changed so that individual Tariff elements will cover their own cost, and not subsidise other Tariff elements

Thank You

