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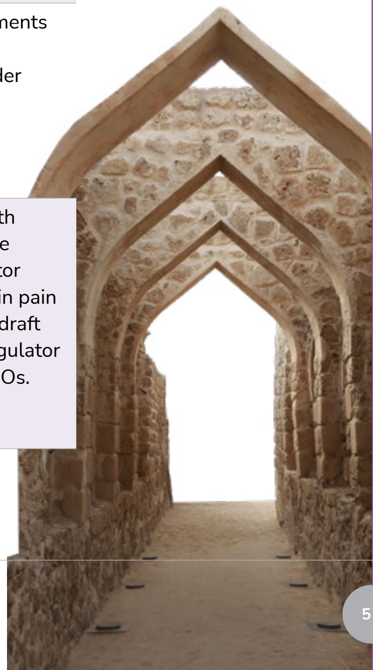
Our Regulatory Context

Zain's Regulatory Context

The below tables highlight some of the regulatory challenges that each Zain operation faces and how the company is addressing them.

Zain Bahrain

CHALLENGES	ZAIN'S RESPONSE
Customer Defaults Leading to Bad Debt: Operators typically offer devices on instalments to customers. However, some customers default in payment, abscond with devices, and resell them in the local market, leading to bad debt for operators.	Working with the Telecom Regulatory Authority (TRA) of Bahrain, all operators implemented an IMEI blocking solution – which would prevent the concerned devices from accessing networks and launched an awareness campaign that aims to educate customers when purchasing second-hand devices to check on the status of the device through its IMEI (International Mobile Equipment Identity) code.
Cross Border Interference: Operators using 2.6 GHz and 3.5 GHz spectrum have continued to face significant cross border interference from neighboring countries.	Zain conducted detailed measurements and engaged with the TRA demonstrating proof of cross-border interference. The TRA now has information to engage with other national regulators.
New Regulatory Obligations: The regulator consulted with the industry about proposed amendments to the Consumer Protection Regulation and the introduction of a Billing & Metering Regulation, which expands the current obligations on with consequential additional costs on MNOs (Mobile Network Operators).	Zain and other MNOs engaged with the regulator and reached a middle ground in lieu, by providing operator undertakings that address the main pain point raised by the regulator. The draft undertaking was shared by the regulator and under discussion with the MNOs.



Zain Iraq

CHALLENGES	ZAIN'S RESPONSE
4G Congestion and QoS: Following launch of 4G, increased data usage leading to congestion and challenging quality of service (QoS).	Acquisition of new spectrum in 2100 MHz band to enhance QoS and capacity.
4G Routers: Prohibition on rollout of 4G routers to enhance home-based experience for customers.	Engagement with the regulator, the Communications and Media Commission (CMC) Appeal Board, which subsequently approved the rollout.
Creating a level-playing field: Unfair regulatory competitive landscape with one operator granted licenses for 2G/3G/4G despite non-payment for either renewal or new license.	Continuous engagement with government stakeholders – the CMC and Prime Minister's Office – resulting in actions being taken by the CMC to create a level playing field. However, more decisive action is required.
USF Sites Ownership: Universal Service Fund (USF) sites constructed by operators using funds provided by the CMC were initially deemed to be owned by the CMC.	Through continuous engagement with the CMC and provision of benchmarking information from other countries, Zain was able to convince the authorities that operators should own sites.
Digital Operator Launch: Zain required regulatory approval to launch a digital sub-brand (Oodi) to enhance customer reach, provide a richer experience, and support digital inclusion. The CMC initially perceived this as a separate mobile virtual network operator (MVNO) and would not approve.	Working with the CMC, Zain provided benchmarks to demonstrate that the platform was not an MVNO and was able to successfully launch Oodi as its digital sub-brand, the first 'digital operator' in Iraq.

Zain Jordan

CHALLENGES	ZAIN'S RESPONSE
Licensing: Operators faced challenges with some licenses being technology-specific, disputes with the regulator on applicable revenue share, and uncertainty on the rollout of 5G.	Zain and other MNOs successfully negotiated with the regulator, Telecommunications Regulatory Commission (TRC) and reached a settlement that makes all licenses in Jordan technology neutral, extended licenses by 10 years, resolved revenue share disputes, and granted 5G licenses for 25 years.
Digital Identity Authentication: Operators face challenges with regards digital authentication, limiting growth in digital services.	Zain and other MNOs were able to work with the TRC and the Jordan Payments & Clearing Com (JoPACC) to work on a plan to deploy a national electronic know your customer and authentication platform that is to be used by telecommunication companies, payment service providers, and banks.

Zain Kuwait

CHALLENGES	ZAIN'S RESPONSE
Cross-Border Interference: Operators using 2.6 GHz and 3.5 GHz spectrum continued to face significant cross-border interference from neighboring countries.	Zain conducted detailed measurements and engaged with the Communication and Information Technology Regulatory Authority (CITRA) demonstrating proof of cross border interference. CITRA now has information to engage with other national regulators.
B2B: In line with its 4Sight strategy, Zain is expanding its footprint in B2B, cloud computing, and internet-of-things. Zain requires all licenses/authorizations to do so.	Engaged with CITRA to obtain a cloud computing license which allows the company to become compliant with CITRA's cloud computing framework.

Zain Saudi Arabia

CHALLENGES	ZAIN'S RESPONSE
Cross-Border Interference: Operators using 2.6 GHz and 3.5 GHz spectrum have continued to face significant cross-border interference from neighboring countries.	Zain conducted detailed measurements and engaged with the regulator, Communications, Space & Technology Commission (CST) demonstrating proof of cross-border interference. CST now has information to engage with other national regulators.
International Connectivity: Growing data consumption necessitates increased international data connectivity.	Engaged with the regulator (CST) to secure initial approval to land the PEACE submarine cable in Saudi Arabia.

Zain Sudan

CHALLENGES	ZAIN'S RESPONSE
Currency Devaluation: Devaluation of domestic currency relative to foreign currencies has impacted Zain's revenues over time.	Engaged with the Telecommunications and Post Regulatory Authority (TPRA) to secure approvals to raise prices multiple times throughout the year, while still giving consideration to customer affordability.
International Connectivity: Growing data consumption necessitates increased international data connectivity.	Engaged with TPRA to secure approvals to land international submarine cables (Africa1) and to build a landing station.
Spectrum Auction: Given limited spectrum in the market, TPRA initiated a spectrum auction to release 800 MHz, 1800 MHz, and 2100 MHz spectrum, but at high reserve prices.	Zain and other MNOs lobbied the TPRA to introduce a multi-year payment plan for spectrum as the general concern was that higher spectrum costs would mean passing on even higher prices to customers.

Zain South Sudan

CHALLENGES	ZAIN'S RESPONSE
4G Congestion: Growing subscriber base following launch of 4G has resulted in increased data consumption.	Zain worked with the regulator, the National Communications Authority (NCA) and secured additional spectrum in the 1800 MHz band to enhance QoS.
Currency Devaluation: Devaluation of currency relative to foreign currencies has impacted Zain's revenues over time.	Engaged with NCA to secure approvals to raise prices while still giving consideration to customer affordability.
Customer Registration Mandate: The NCA instituted mandatory customer registration procedures to curb fraud and for national security reasons. This mandate, however, could have impacted Zain customer base.	Zain took steps to identify unregistered SIM cards, created an outbound calling team, issued directives to dealers to ensure registration of all newly issued SIM cards, and launched awareness campaigns.