



REPUBLIC OF THE UNION OF MYANMAR
MINISTRY OF TRANSPORTATION AND COMMUNICATIONS
POST AND TELECOMMUNICATIONS DEPARTMENT

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PRICING AND TARIFF REGULATORY FRAMEWORK

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I. FOREWORD

The Myanmar telecommunication industry is experiencing a period of escalating competition. Industry players are making tremendous efforts in optimize their competitive strengths and strategies, to retain and grow market share and attract both the existing and potential subscribers in their business. Myanmar, since the transition into full competition in 2013, has currently three mobile operators and expecting the fourth to start operation by 2018. Posts and Telecommunications Department (PTD/Regulator) acknowledges that the urban market is approaching basic subscriber saturation and it will become more challenging from an economic perspective for all operators to extend connectivity to rural and more remote areas of the country. With the entry of the fourth operator, a potential market shakeup is expected to attract new customers onto the new network since most target customers will already be using another operator. PTD recognizes that a BALANCE is required to protect the market and promote healthy competition.

PTD, within its mandate under the Telecommunications Law has been approving tariff filings from operators and with the approach have allowed the market to develop sufficiently. With mobile competition entering into its 4th anniversary, and competition potentially leading to a more intense price competition, PTD has recognized the need for a regulatory-framework in governing tariff and pricing in line with provisions in the Competition Rules for the Telecommunications Sector of the Republic of the Union of Myanmar, 2013. The objectives are to promote healthy competition in complementing the growth of the industry and to ensure a level playing field for all



operators to compete, by remaining within a mutually agreed and clearly defined periphery, and to facilitate the subscribers to avail fair, transparent and affordable telecommunication services in line with the competition law.

II. PURPOSE AND METHODOLOGY

PTD acknowledges the importance of creating an environment that enables healthy competition. PTD has tried in the past to utilize “costing” methodology in reviewing operators’ tariff filing, it becomes clear that this methodology may not be effective, at least for now, since operators’ costing models differ and their ability to provide relevant information to PTD also differ.

In the absence of tools to carry out cost based analysis, PTD has adopted a “market based approach” to determine the “floor price” for CORE telecom service such as voice, SMS and Data which is “simple, transparent, and applicable” for all mobile operators as a starting point. In doing so, PTD has floated “CONSULTATION DOCUMENT PRICING AND TARIFF REGULATORY FRAMEWORK” seeking inputs from the operators on the 20th of January 2017 and based on operators input PTD has further floated the “DRAFT TARIFF APPROVAL FRAMEWORK” on 3rd of March 2017. The following document has been prepared incorporating the market analysis & views and operators feedbacks.

III. TIMELINE

PTD will review the framework on a timely basis. This framework will be updated and evolved as PTD and the industry develop more capacity and are able to generate better costing information. This is required to address competition; harness transparency in tariff approval process; provide regulatory certainty in price regulation; complement growth by creating a level playing field; and, create a win-win situation for operators and subscribers.

The framework is adopted as a medium-term plan (6 to 12 months). Posts and Telecommunications Department will implement the framework starting from 1st July 2017 and operators shall implement the framework from 1st August and shall align the existing tariff plans in line with the framework latest by 1st August.

IV. SERVICES AND TARIFF

PTD has considered to bring the CORE services into a framework and based on market analysis and inputs from the operators, has incorporated the price floor for

1. Domestic voice service (off-net and on-net)
2. Domestic SMS Service off-net and on-net)
3. Domestic Data Service
4. Bundled Service
5. Cross-bundled Service
6. Promotional Offer



In view of a very vibrant competition of mobile operators and aggressive price reduction strategies, setting of a “price ceiling” is acknowledged as not required at this moment but PTD may adopt “Price Ceiling” for any services if required.

The price floor has been set to encourage internet usage, taking the current market offerings into the account and operators viewpoint. The details of the floor for different services are in the table below:

	Pay as You go	Pay as You go	Bundle	Cross Bundle	Promotion
	On-net	Off-net			
Domestic Voice	10 KYATS	20 KYATS			
Domestic SMS	No Floor	10 KYATS			
Domestic Data*	5 KYATS/MB (pay as you go) 2KYATS/MB (for all data packages)		PAYG-25% (See bundle offer)	PAYG – 25% (see cross bundle offer below for details)	PAYG – 40% (see promotion below for details)

*Operators shall need to define their respective peak and off-peak hours and communicate to PTD. **The off-peak hours is 8 hours/day.**

PTD shall also evaluate and consider **off-peak data packages and social data packages** on case to case basis with a maximum of 50% below the data package tariff.

Bundle Offer – includes special offer for any single service offerings maximum of 25% below the “pay as you go”. i.e.

Service Type	Cost at Floor Price	Benefit	Price(KYATS)
Voice	2000	100 Min (off-net)	1500
SMS	2000	200 off-net	1500
Data*	500	250 MB	375

*Bundle data rate considered

Cross-bundle – includes special offer at a maximum of 40% below the “pay as you go” rate for any one service along with 25% below the “pay as you go” for other services within the bundle. i.e.

Service Type	Bundle Cost at Floor Price	Benefit	Bundle Price(KYATS)
Voice	2000	100 Min (off-net)	1500
SMS	2000	200 off-net	1500
Data*	500	250 MB	300
Cross Bundle	4500		3300

*Bundle data rate considered



Promotion – includes special offer at a maximum of 40% below the “pay as you go” for any bundle service or cross-bundle. i.e.

Service Type	Bundle Cost at Floor Price	Benefit	Bundle Price(KYATS)
Voice	2000	100 Min (off-net)	1200
SMS	2000	200 off-net	1200
Data*	500	250 MB	300
Promotion Price	4500		2700

*Bundle data rate considered

As above, **individual operators must submit prices and expected usage of all components of a bundle to demonstrate the implied effective rate and that each component of the bundle is in fact priced within the framework.** In order to calculate effective rate, PTD shall consider “top-up bonuses”¹, “Rate Cutters”² “Usage bonuses”³ and “time extenders”⁴. In addition, PTD may check to cross validate the offers through certain checkpoints.

All bundle product must have a validity period. Operators must need to provide the validity period for respective bundle during the approval process.

Any change to the tariff for a package must be approved by PTD and shall have to be notified to the entire subscriber base through SMS broadcasting

V. PROMOTIONAL OFFER

1. PTD strongly enforces the duration for “Market Trial/Short term promotions” to ensure effective retail price floor. Operators are prohibited to “infinitely” roll forward promotions where prices are set below the defined retail price floor;
 - a. PTD reiterates that any special promotion should not be extended beyond the allowable timeframe as **per Competition Rules (Myanmar Version) Section 42, Subsection a (i & ii).**
2. PTD shall not allow an operator to repeat its “substantially similar” promotions. Definition of “substantially similar”, apart from defined in **Competition Rules(Myanmar Version) Section 42, Subsection a (iv)** a 10% differential is a guideline to judging “substantially similar” that is if the amount of Voice, text or data being offered is within 10 % of previous promotions, PTD would assess on a case to case basis.
3. In case it is considered that the service/price could have a significant impact on fair competition such as free or essentially free-of-charge offers, PTD shall request the operator to submit supplementary information such as a cost

¹ Top-up bonuses, where customers receive additional benefits upon recharging

² Rate cutters, where customers pay a certain amount in return for a lower price per minute, MB or SMS

³ Usage bonuses, where customers receive additional minutes, MB or SMS depending on their usage volume. e.g. if a 100 minutes off-net voice bundle is priced at 1500 KYATS and an additional 10 minutes is given to the user before the bundle pack expires would make the effective rate go below the framework hence not acceptable.

⁴ Time extenders, where customers can continue a call after reaching a certain call duration



breakdown in order to allow the Regulator to properly assess whether the price is below cost or not.

VI. APPROVAL PROCESS

PTD acknowledges that the level of competition in the mobile sector requires operators to develop and launch new services and tariff plans quickly to respond to the market. In accordance, PTD suggests the following as way forward.

1. *PTD introduces “**intimation only**” product/service approval process as a trial basis. Based on the experience, PTD may stop or continue with the process.*
 - a. *Operators are required to provide all necessary information along with the “effective rate calculation” conforming that the offer falls within the approved tariff framework to PTD **3 working days** in advance of launch.*

Anything beyond shall follow as below

2. *PTD understands the importance of the approval process and shall continue with the existing approval process in accordance with competition rules.*

VII. MISCELLANEOUS

Based on recommendation and observation and best practices around the world from similar market:

1. *PTD understands that the operator’s product offerings are a key factor to attract customers and differentiate each other; however, PTD recommends operators to make easy to understand offerings and promotions to avoid confusions among customers,*
2. *As per 34 of the Competition Rules(**Myanmar Version**), Operators must or take necessary approval from PTD before offering any tariff, bundle, service offers.*

VIII. FUTURE TOPICS:

Further to the regulatory framework for pricing and tariff, as a next step forward, PTD shall be introducing areas related to rural growth, other services not covered in this framework, consumer satisfaction etc. As a further step, PTD may also develop consumer protection framework. The topics which can be but not limited to into the considerations are:

1. *Special Tariff/Pricing for Rural Areas – PTD recognizes the potential for rural growth and intends a special attention on affordability and pricing for such areas. PTD mulls to consult to develop a focused tariff/pricing sub-framework as part of the framework to enhance rural growth in the next phase.*
2. *Terms and Conditions for Data-Volume based Service*
 - a. *Pay as you go/extra usage tariff*
 - b. *Data Carry-Forward*
 - c. *Push-Notification prior Charging*



3. Modus-Operandi

- a. *Opt-in/out*
 - b. *End Session Notification*
 - c. *Migration amongst Services*
 - d. *Migration Charge*
 - e. *Service registration fees*
 - f. *Charging Interval*
 - g. *Flat Tariff and Call Setup / Initiation Charge*
 - h. *common/standardized command-instructions*
 - i. *Uniform and Non-Discriminatory Tariff and Charging*
 - j. *Dynamic Charging*
- ### 4. Promotional Activity and Market Communication
- a. *Duration of promotions*
 - b. *Clear cost related information explaining terms like condition apply*

PTD believes that the industry is greatly shaping up with the effort of the telecom operators and intends to further stimulate the growth trajectory by introducing global best practices tailored to the need of Myanmar, the market and the people through a consultative approach.



Determination on Some Terms of Pricing and Tariff Regulatory Framework

PTD determines some terms of Pricing and Tariff Regulatory Framework as follow in order to ensure with new requirement.

1. Social Packs

- a. Under Section IV of the Pricing Framework, social data packages shall be permitted on a case by case basis with a maximum discount of 50% of the data package. In order to ensure consistency in application of this rule, it is necessary to clearly define the services which may be included in "Social Packs". Traditional social media (Facebook, LinkedIn, Twitter etc.) and messaging platforms (Viber, Whatsapp, WeChat etc) shall be *included* under the definition of "social", while games (Clash of Clans, Mobile Legends, Coin Master etc) and video sites and Apps such as (YouTube, Daily Motion, iflix etc) shall be *excluded* from the definition. Please refer to Schedule (iv) attached.

2. Top Up Bonuses

- a. The calculation for Top Up Bonuses shall be based on the lowest applicable Pay As You Go ("PAYG") rate for the service the operator will offer the bonus on e.g.(PAYG On- Net Voice / PAYG Data etc.) under the applicable tariff plan/s offered by the Operator. The maximum bonus (as calculated in terms of top up value), shall be determined according to the following formula¹:
 - i. $[\text{Min PAYG Rate of applicable tariff plan/s} / \text{Floor of bundle (25\%)} \text{ or } \text{Promo (40\%)}] - 1$
- b. Bonus values shall not be applied towards Bundle Offers (to avoid double benefits), and shall only be applicable towards PAYG services.
- c. Where a bonus is provided in terms of volume rather than MMK, the bonus value shall be calculated based on the PAYG floor set by the PTD:
 - i. $\text{Maximum Bonus Value (in MMK)} / \text{Floor Rate of PAYG Service}$
- d. The rate for data bonuses shall be based on floor rates of 3.75 ks/mb and 3.0 ks/mb for offers and promotions, respectively.

¹ Please see Schedule I for an example and further details on the proposed methodology for calculation of Top Up Bonuses.



3. Rate Cutters

- a. Rate Cutter offers are offers in which the subscriber is able to get a discounted PAYG rate for a limited period of time, in exchange for a subscription fee. The discounted PAYG rate shall never be lower than the bundle floor rate in the case of a permanent offer or promotion floor rate where applicable. A minimum subscription fee shall be specified in order to ensure compliance with the PAYG floor. The minimum subscription fee shall be related to the duration of access to the reduced rate. Please see Schedule 2 for a specific breakdown of the minimum subscription fees.

4. Usage Bonus/Time Extender Offers

- a. The service volume or time provided under Usage Bonuses and Time Extender Offers shall be the same maximum discount as those permitted under Bundle and Promo offers (25%/40%).
- b. Additionally, the data floor for Top Up Bonuses and Usage Bonuses / Time extenders shall be no less than 3.75 Ks/MB for Bundle Offers and 3.0 ks/MB for promotional offers, based on the Data PAYG Floor as specified in Section IV of the TPF.

5. Unlimited Services

- a. In order to uphold the effective retail price floor, any form of unlimited service shall be prohibited under the Pricing Framework.

6. Definition of "Substantially Similar" Offers

- a. As suggested in the pricing Framework , an offer will be viewed as being Substantially Similar where the offer is within 10% of previous promotions.

In order to minimize customer confusion, PTD shall not be permitted to reuse the same Promotion Name or USSD code below level one e.g. operators using USSD code *XYZ*a# shall change code to *XYZ*b#, following usage in a previous 90 day offer.



Schedule II- Rate Cutter Subscription Fees

Reduced Rate Period	Minimum Subscription Fee (incl tax)
1 day Offer	99Ks
2- 7 days Offer	499Ks
8- 30 day Offer	999Ks

	Bundle (-25%)	Promotion(-40%)
On-net	7.5Ks/min	6Ks/min
Off-net	15Ks/min	12Ks/min

	Bundle (-25%)	Promotion(-40%)
Standard Data	1.5 Ks/MB	1.2Ks/MB
Night Time Data	1 Ks/MB	1 Ks/MB
Social Data	1 Ks/MB	1 Ks/MB



Schedule III- Substantially Similar Offers

90days		90days		90days		90days	
Original		A. Same as original = NG		A. Same as original = NG		A. Same as original = OK	
Fee (excl tax)	300Ks	Fee (excl tax)	300Ks	Fee (excl tax)	300Ks	Fee (excl tax)	300Ks
Minutes	50min	Minutes	50min	Minutes	50min	Minutes	50min
Nominal Rate	6Ks/min	Nominal Rate	6Ks/min	Nominal Rate	6Ks/min	Nominal Rate	6Ks/min
B. Fee and volume are more than 10% different, but nominal rate is the same							
Fee (excl tax)	360Ks (+20%)						
Minutes	60min (+20%)						
Nominal Rate	6Ks/min(+0%)						
C. Nominal Rate is more than 10% different							
Fee (excl tax)	300Ks (+0%)						
Minutes	45min (-10%)						
Nominal Rate	6.67 Ks/min(+11%)						
D. Nominal rate is above bundle Price = OK							
Fee (excl tax)	300Ks (+0%)						
Minutes	40min (-20%)						
Nominal Rate	7.5Ks/min						

NOT Substantially Similar

NOT Substantially Similar

NOT Substantially Similar



Schedule (iv) List of allowable and disallowable Social Sites / Apps allowed

Category	"Social Media"	"Instant Messenger"
Examples	Facebook	Viber
	Linkedin	What's app
	Google+	LINE
	Twitter	WeChat
	Pinterest	BeeTalk
	Instagram	Messenger
	Tumblr	Skype
		Snapchat
		Tango
		Kakao Talk
		Zalo

Disallowed

Social Game	Videos
Clash of Clans	Youtube
Clash Royale	Daily Motion
Coin Master	Pyone Play
Mobile Legends	iflix
	Netflix