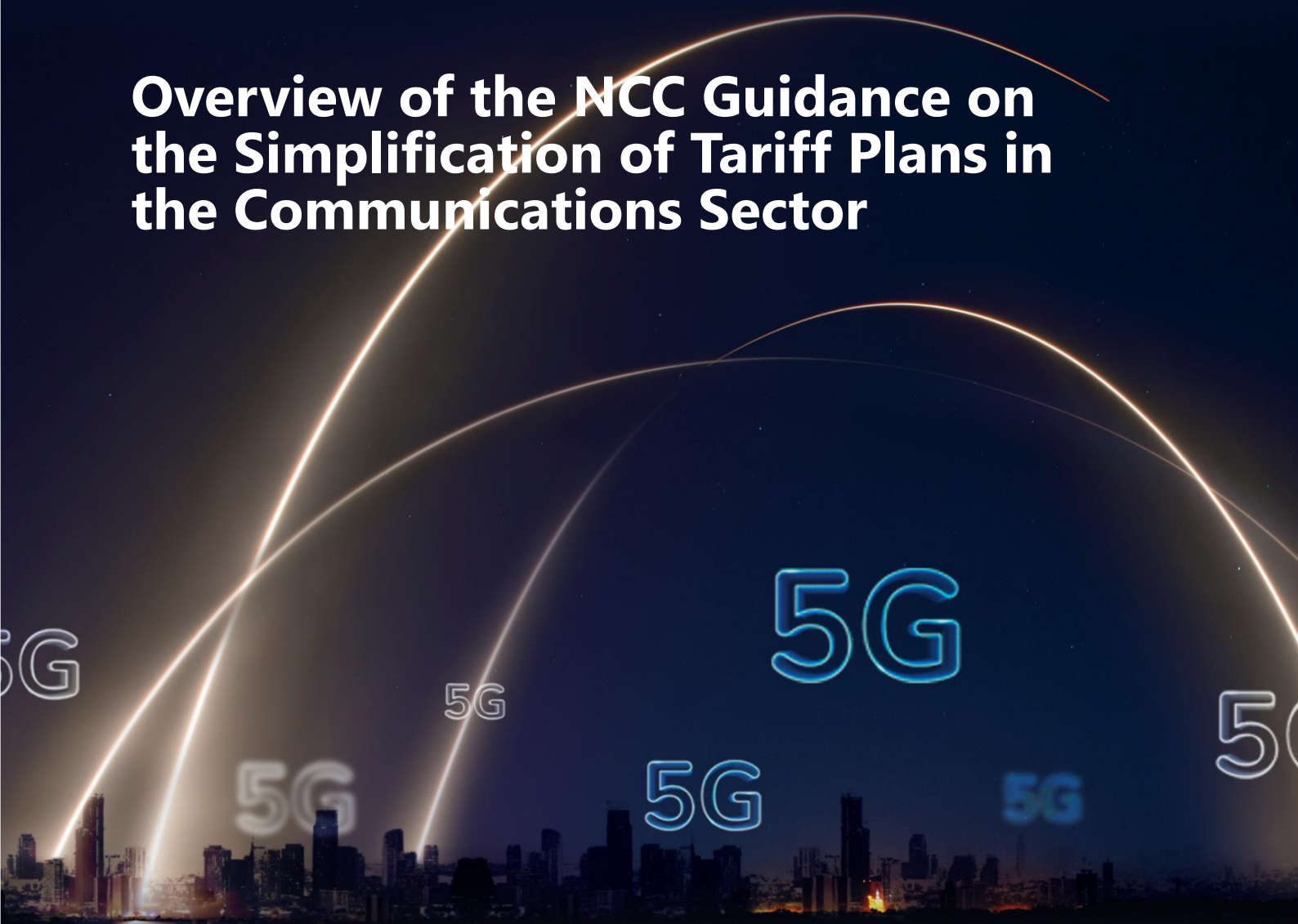




**UDO UDOMA &
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Overview of the NCC Guidance on the Simplification of Tariff Plans in the Communications Sector



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1 Introduction

The Nigerian Communications Commission (“**NCC**”) on 29 July, 2024 released the Guidance on the Simplification of Tariffs in the Nigerian Communication Sector (“**Guidance**”) following the outcome of its consultations with industry stakeholders, including mobile network operators (“**MNOs**”), consumer groups, and extensive analysis of consumer preferences and expectations.

2 Scope of Application

The Guidance applies to all NCC licensees. The Guidance seeks to reduce the complexity of tariff plans and bundles; and ensure that promotional elements of tariff plans are transparent and fair. It also seeks to protect consumers’ interests by providing clear and understandable tariff information and to promote fair competition among licensees by standardising tariff structures.

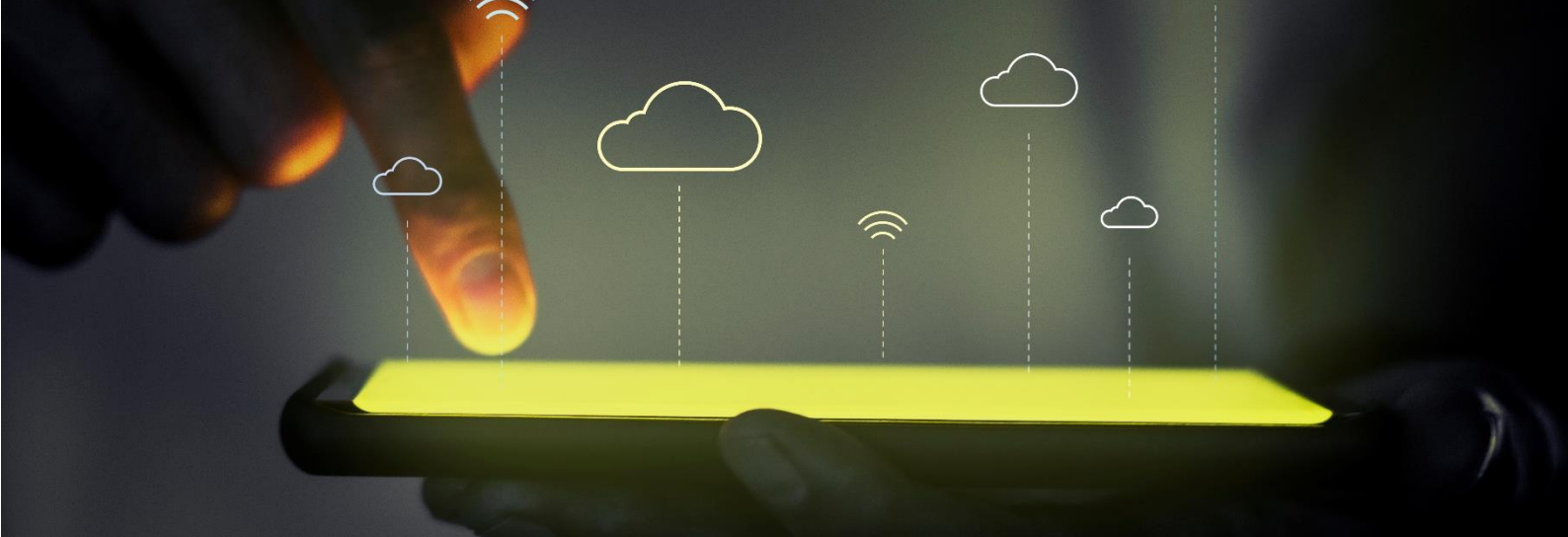
The Guidance requires MNOs to apply its rules entirely to all retail products offered to individual prepaid and postpaid subscribers. It however, requires licensees that are not MNOs to only apply the disclosure requirements, the transparency template and the conditions for tariff approvals.

3 The Guidance

3.1 Unbundling Promotional Elements from Tariff Plans

The Guidance requires MNOs to separate all promotional elements from tariff plans, and offer them as standalone promotions upon obtaining approval of the NCC, time limits, quality of service/capacity requirements, and adherence to full disclosure requirements. It also requires them to comply with the conditions provided below:

The Guidance defines a promotional element as any additional voice, SMS, data, value-added service (“**VAS**”), or another service component which is added to a tariff plan/bundle by the MNO as an incentive and/or reward, which is designed to influence the subscriber’s choice or behaviour.



However, MNOs are required to maintain the existing bonus-led tariff until 31st December 2024, and are expected to educate and migrate all subscribers to the simplified tariff plans. In addition MNOs may desire to maintain only one (1) bonus-led new subscriber acquisition plan provided that a new subscriber can only be retained on such period for a limited period of six (6) months before being migrated to a standard tariff plan of their choice. If a subscriber fails to migrate after being promoted by the applicable business rules, the subscriber will be reverted to the default tariff plan. Provided that extensions on promotional activities and new acquisition plans will only apply if (i) bonuses comply with the NCC price floor and price cap (ii) actual depletion rates on bonuses must not exceed the price cap or fall below the price floor for voice services (iii) bonus allowances must be stated in naira terms and in minutes or seconds for voice, GB/MB for data and number of SMS and (iv) the above terms must be disclosed in the advertising materials.

3.2 Unbundling of Add-Ons from Tariff Plans

The Guidance defines Add-Ons as an optional additional service that enhances an existing tariff plan for a price, such as access to premium content, roaming packages, music and video subscriptions, additional cloud storage, and enhanced customer support. As a condition for provision, subscription to Add-Ons must be optional, and service providers must show evidence of informed consent obtained from the subscribers. Furthermore, subscribers should be able to purchase Add-Ons of their choice while remaining on their existing tariff plan and/or bundle. In addition, a free Add-On shall be treated as a promotional offering and must be approved by the NCC.

3.3 Limiting Number of Tariff Plans, Bundles and Add-Ons

According to the Guidance, an MNO can offer seven (7) tariff plans, one hundred (100) bundles, and nothing more, even if customer demand is demonstrated. It is important to note that the number of Add-Ons a subscriber can opt for is not limited. However, each MNO must have a mechanism that informs subscribers of the number of Add-Ons they have when purchasing another Add-On. Furthermore, subscribers must be able to check the number of Add-Ons purchased using unstructured supplementary service data (“**USSD**”) string and SMS.



3.4 Disclosure and Transparency

Tariff details must be fully disclosed in all advertising materials and on MNOs' websites in a tab dedicated to tariff information. The table must display all necessary information about the tariff plan, bundle, and Add-Ons, such as the plan's name, description, price, validity period, basic components, terms, and conditions. All other information about tariffs not stated in the table must be presented in clear language and a user-friendly format. The USSD platform should display the name of the plan, validity period, rate per second or minute (on-net/ off-net), rate per megabyte/kilobyte/gigabyte, rate per SMS on-net/ off-net and the number of Add-Ons subscribed to by the subscriber.

3.5 Removal of Access Fee and Other Conditions

The Guidance mandates the removal of access fees and asymmetric fee structures. In addition, it requires MNOs to offer standalone data bundles at fair prices to avoid tying consumers with products they do not need. Further, promotion bonuses must be stated in actual value, and options for subscribers who exhaust their bundle allowance within the stipulated validity period should include the purchase of a top-up bundle, purchasing a new bundle, and switching to the default rate of his/her plan. In addition, below-the-line/personalised offers, deals, cashback, etc., offered directly by licences or through third-party platforms must also comply with the conditions for tariff approval and Guidelines on the Promotional Advertisement 2023, whichever applies.

3.6 Application for Tariff Plans, Bundles and Promotions

The Guidance requires MNOs to submit applications for approval of tariff plans, bundles, and promotions through the NCC's designated online portal. The application must contain detailed documentation such as plan descriptions, pricing, terms, and conditions in the required format. While the tariff plan will not require application fees during the application, modification fees will apply for subsequent submissions. In addition, MNOs seeking to apply for promotional elements shall submit a detailed proposal of standalone promotions, including terms, duration, and compliance with the Quality of Service ("**QoS**") Regulations and capacity requirements, for prior approval by the NCC.



3.7 Migration Processes and Procedures

The Guidance mandates MNOs to submit detailed migration applications when transitioning subscribers to new plans, ensuring no loss of benefits or service quality for such consumers. Additionally, MNOs must notify subscribers of any changes to their tariff plans, including migration to new plans, at least 30 days in advance. These notifications must be clear and include the reasons for the changes, the benefits of the new plans, and any required actions from the subscribers

3.8 Reporting Obligations and Consumer Education

MNOs must submit quarterly reports to the NCC detailing the number of active tariff plans, bundles, and promotions, subscriber uptake, usage patterns, and feedback. Additionally, MNOs are expected to meet the Key Performance Indicators set in the QoS Regulation and submit periodic reports on QoS metrics alongside their tariff and bundle reports.

Furthermore, MNOs are encouraged to implement consumer education campaigns to inform subscribers about tariff plan simplification, their rights, and how to make informed decisions about the plans. Educational materials must be provided in multiple formats and languages to ensure broad accessibility.

3.9 Timeline and Deadlines

MNOs are expected to comply with the Guidance within ninety (90) days from the date of its issuance. The transition plans for existing tariffs were required to be submitted by 12 August 2024.

4 Compliance and Enforcement

The NCC will carry out regular audits and inspections to ensure adherence to this Guidance. The Guidance specifies that non-compliance will lead to penalties, such as fines, suspension of tariff approvals, or other regulatory actions as outlined in the National Communication Act, 2023, and related enforcement regulations.



Conclusion

The NCC Guidance represents a significant step towards enhancing transparency, fair competition, and consumer protection. It simplifies and empowers consumer choices by unbundling promotional, Add-ons, and bundle items from tariff plans. Ultimately, the successful implementation of this Guidance is expected to lead to a more straightforward, fair, and transparent telecommunications landscape in Nigeria, benefiting both consumers and service providers in the long run.

This regulatory update has been authored by the Telecommunication, Media and Technology team of Udo Udoma & Belo-Osagie. For any inquiries on the above regulatory update, please email us at TMT@uubo.org. For more information about our Telecommunication, Media and Technology/Data Protection offerings, please visit our website at www.uubo.org or email us at uubo@uubo.org.

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