

MTN pays USD250m in Nigeria fine dispute

Telecoms giant MTN said Wednesday it had paid \$250 million to the Nigerian government in a dispute over a \$3.9-billion fine imposed last year for failing to disconnect unregistered users.



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The company also said it had agreed to withdraw its legal challenge over the huge fine in a case that was adjourned in Lagos High Court to enable the two parties to try to negotiate a settlement. "Pursuant to the ongoing engagement with the Nigerian Authorities, MTN Nigeria has today made a... good faith payment of 50 billion Naira (\$250 million)," Johannesburg-based MTN said in a statement.

The money was paid "on the basis that this will be applied towards a settlement, where one is eventually, hopefully, arrived at," the statement added. "In an effort to achieve an amicable settlement, MTN has agreed to withdraw the matter from the Federal High Court in Lagos."

Nigeria, Africa's most populous country, is the MTN group's largest market, where it had more than 62.8 million subscribers by the second quarter of 2015. MTN was slapped with the penalty in October 2015 after it missed a deadline to disconnect 5.1 million unregistered SIM cards.

Big punishment for regulatory infraction

The Nigerian Communications Commission (NCC), the country's telecoms regulator, at the time cited security concerns over the inability to trace users in a country plagued by frequent kidnappings and an extremist Islamist insurgency, Boko Haram. It imposed a \$5.2-billion fine that was later reduced to \$3.9 billion (3.6 billion euros) following an appeal by MTN.

The company issued a profit warning last week and said the Nigerian dispute was a factor in falling earnings. The fine also led to the resignation of chief executive Sifiso Dabengwa and some Nigerian executives.

Nigeria's four major phone companies have routinely been fined in the past for regulatory infractions but none has received as big a punishment as MTN. The initial fine of \$5.2 billion was more than MTN's total sales in Nigeria in 2014 and the equivalent of about 37 percent of the group's total revenue, according to Bloomberg News.

Analysts fear Nigeria's decision to fine MTN will deter investors at a time when the country is reeling from plunging oil prices. MTN will announce its full-year financial results on March 3.

In Nigeria's best interest

Nigeria's communications ministry spokesman Victor Oluwadamilare suggested that MTN was "tired of staying in court and now they want to face the reality of the fine". But he told AFP that as yet "no one can confirm that payment" of 50 billion Naira.

"I'm sure before the week runs out, if we are able to confirm that the MTN has paid a particular sum of money, the next step will be to look at what was paid vis-a-vis what is expected of them to pay as per the fine," he added. "And, of course, if what MTN paid falls short of what is expected of MTN, the government will come up with a detailed reaction in the best interest of Nigeria."

Source: AFP

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