

The African ICT landscape: five trends to watch in 2016

By [Gareth Mellon](#)

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1. Governments and regulators will flex their muscles

The controversy surrounding MTN Nigeria's massive fine has drawn attention to the impact that both the government and regulators have on the telecommunications market - and the NCC's latest move is the most recent example of this. As governments increasingly see connectivity as a critical means to encourage economic growth, we can expect to see them become more involved in the market, stimulating telecommunications investment in some cases, but also threatening to add increased uncertainty in volatile markets.

2. Industry consolidation to retain access to customers

The ties between Maroc Telecom and Etisalat mean that five major multinational operators now account for over 60% of all telecommunications subscribers in Africa. While consolidation in the telecommunications market is driven by a desire for scale to help overcome margin pressures, added momentum is provided by the need to retain access to customers. In the customer's eyes, the question is now: "Who can provide me with the best access to everything I need?" Currently, operators occupy an enviable position in this respect, but other telecommunications providers such as content providers and OTTs are also seeking to fulfil this role.



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3. Fixed line to make a comeback

While technically not a 'comeback' in many African countries, where fixed line hardly got out of the starting blocks, demands for fibre connectivity have soared. Across the continent, submarine cables have boosted international connectivity and investments in fibre backhaul and access layers have also picked up. As this proliferation continues, high capacity last-mile access is becoming more viable and FTTX services have become established in key markets such as Kenya, Nigeria, and South Africa. While individual services remain relatively expensive for early-adopters, ongoing investment will lead to price reductions, making fixed line more attractive for both businesses and consumers.

4. Telcos will showcase 'digitalisation'

Typically, telecommunications distinguish between their consumer and enterprise offerings, and the latest fad in the enterprise market is 'digitalisation' - identifying all areas of a business that can be transformed by ICT in order to offer integrated and enhanced products and services. The starting point will be to show how connectivity can improve profitability in sectors as diverse as oil exploration, agri-processing, and the clothing industry - but expect ICT providers to start positioning themselves as complete, end-to-end partners with the ability to transform their clients into digital pioneers.

5. The mobile payments ecosystem will expand

Africa has been the birthplace of mobile payments and one can't ignore this key feature of the ICT landscape on the continent. In 2016, we can expect growth in two key respects: firstly, while Kenya is often cited as the forerunner in mobile payment proliferation, we can expect this leadership to be challenged by countries such as Tanzania, Zimbabwe, and Zambia, all of which have experienced significant growth in mobile payments. Secondly, while peer-to-peer transactions currently account for 3/4s of all payments, other areas (like merchant payments and international remittances) are anticipated to show healthy adoption and expand the broader mobile payments ecosystem.

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