

# **POSTAL AND TELECOMMUNICATIONS REGULATORY AUTHORITY OF ZIMBABWE (POTRAZ)**



*'creating a level playing field'*

## **ABRIDGED POSTAL & TELECOMMUNICATIONS SECTOR PERFORMANCE REPORT**

**FOURTH QUARTER 2020**

**Disclaimer:**

*This report has been prepared based on data provided by service providers. The information provided in this quarterly report is subject to alteration in case of any revisions or updates from the service providers. Whilst the Authority has taken effort to ensure accuracy of the data contained in this report, it is not liable for the inaccuracy of any information.*

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## **LIST OF ACRONYMS**

<b>2G</b> .....	Second Generation
<b>3G</b> .....	Third Generation
<b>ACPU</b> .....	Average Cost per User
<b>AMPU</b> .....	Average Margin per User
<b>ARPU</b> .....	Average Revenue per User
<b>ADSL</b> .....	Asymmetric Digital Subscriber Line
<b>GB</b> .....	Gigabyte
<b>LTE</b> .....	Long Term Evolution
<b>MB</b> .....	Megabyte
<b>TB</b> .....	Terabyte
<b>Mbps</b> .....	Megabits per second
<b>VoIP</b> .....	Voice Over Internet Protocol

## MAJOR HIGHLIGHTS

The following are the main sector trends for the fourth quarter of 2020 compared to the third quarter of 2020:

- Active fixed telephone lines declined by 1.7% to record 252,067 from 256,356; the fixed tele-density declined by 0.1% to reach 1.7% from 1.8%.
- The total number of active mobile subscriptions increased by 3.2% to reach 13,191,708 from 12,783,785; hence, the mobile penetration rate increased by 2.8% to reach 90.5% from 87.7% recorded in the previous quarter.
- Active Internet and data subscriptions grew by 1.7% to reach 8,875,649 from 8,726,904 recorded in the previous quarter. As a result, the Internet penetration rate increased by 1% to reach 60.9% from 59.9% recorded in the previous quarter.
- Fixed telephone voice traffic grew by 8.3% to record 98.2 million minutes in the fourth quarter of 2020 from 90.6 million minutes in the third quarter of 2020.
- Total mobile voice traffic declined by 3.3% to record 1.51 billion minutes in the fourth quarter of 2020 from 1.56 billion minutes recorded in the third quarter of 2020.
- Mobile Internet and data traffic grew by 13.1% to record 16,834TB in the fourth quarter of 2020 from 14,878TB recorded in the third quarter of 2020.
- Used International Outgoing Internet Bandwidth Capacity grew by 27.9% to reach 51,075Mbps from 40,033Mbps; Used International Incoming Bandwidth Capacity also grew by 6.7% to record 149,665Mbps from 149,665Mbps recorded in the previous quarter.
- Total postal and courier volumes increased by 33.4% to record 396,975 items in the fourth quarter of 2020 from 297,680 items recorded in the third quarter of 2020.
- Total mobile operator revenues grew by 37.5% to record ZWL12.3 billion from ZWL8.94 billion; On the other hand, mobile network operating costs grew by 125.5% to record ZWL5.7 billion from ZWL2.5 billion recorded in the previous quarter.
- Revenue generated by the fixed telephone network grew by 41.7% to record ZWL1.4 billion from ZWL990.4 million; On the other hand, fixed network operating costs increased by 76.1% to record ZWL1.37 billion from ZWL775.2 million recorded in the previous quarter.

- IAP revenues grew by 59.5% to record ZWL4.6 billion from ZWL2.9 billion; meanwhile, total operating costs for IAPs also grew by 31.6% to record ZWL2.5 billion from ZWL1.9 billion recorded in the third quarter of 2020.

## 1. FIXED TELEPHONE SERVICE

### 1.1 SUBSCRIPTIONS

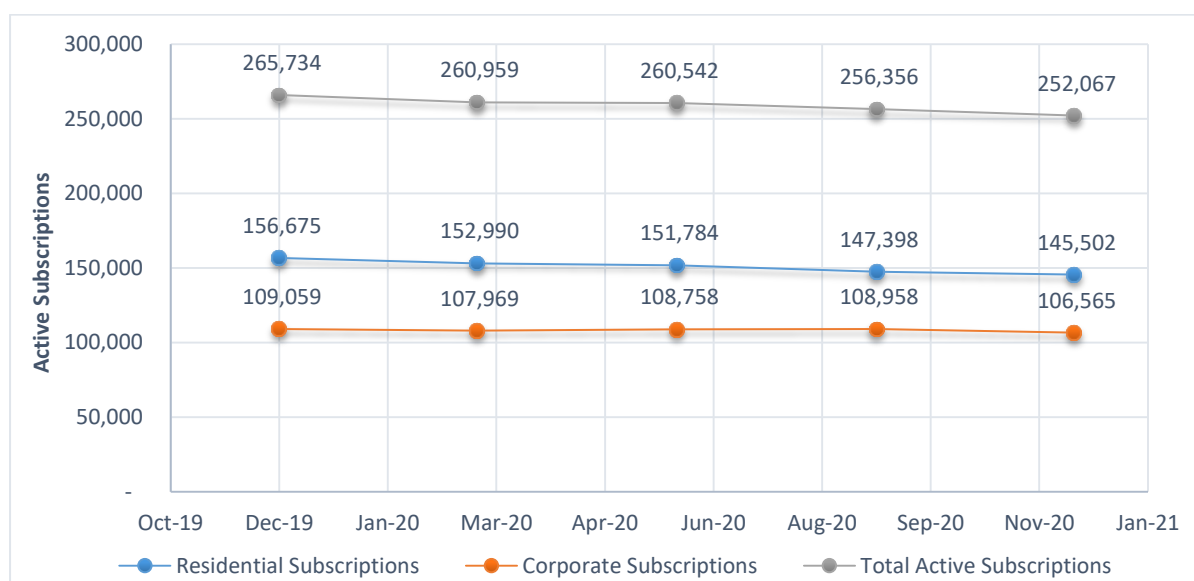
The total number of fixed telephone lines declined by 1.7% to reach 252,067 as at 31 December 2020, from 256,356 recorded as at 30 September 2020. As a result, the fixed tele-density declined by 0.1% to reach 1.7% from 1.8%. There was a decline in both residential and corporate subscriptions as shown in Table 1 below:

**Table 1: Fixed Telephone Subscriptions**

Subscriber category	3rd Quarter 2020	4 <sup>th</sup> Quarter 2020	% Growth
<b>Residential</b>	147,398	145,502	-1.3%
<b>Corporate</b>	108,958	106,565	-2.2%
<b>Total Active</b>	<b>256,356</b>	<b>252,067</b>	<b>-1.7%</b>

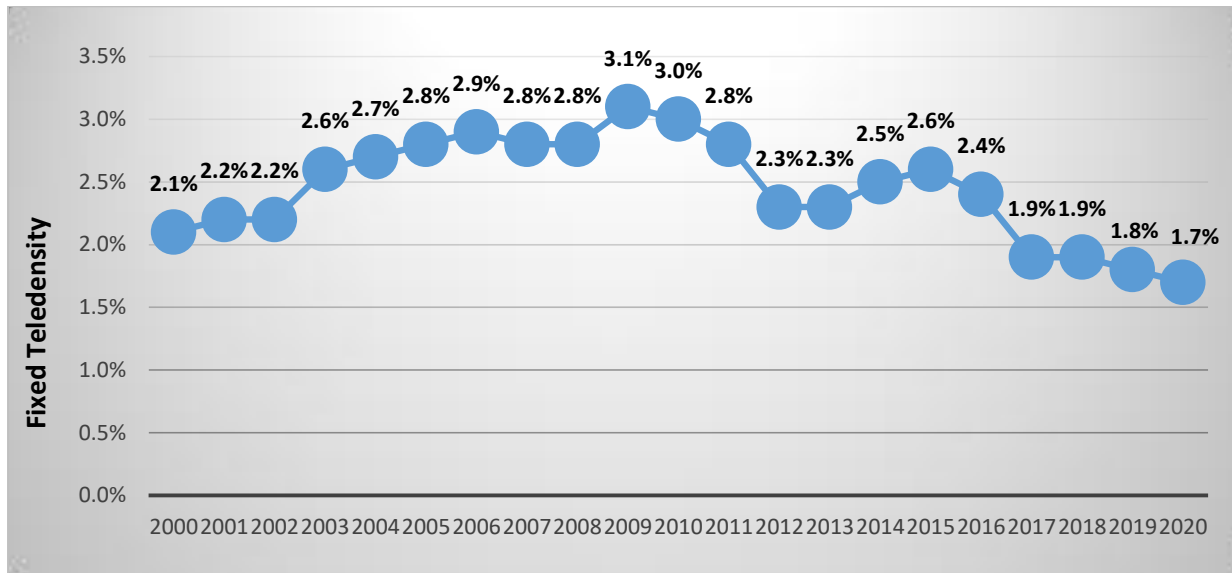
There has been a consistent decline in total active fixed telephone subscriptions over the past year as shown in Figure 1 below:

**Figure 1: Decline in Fixed Telephone Subscriptions**



As shown above, both household and corporate subscriptions have declined significantly from December 2019 figures. The fixed density has also reached an all-time low of 1.7% as shown in Figure 2 below:

**Figure 2: Active Fixed Telephone Subscriptions**



The Public Switched Telephone Network (PSTN) continues to face competition from mobile telephony, VoIP amongst other emerging technologies.

## 1.2 FIXED NETWORK TRAFFIC

Fixed telephone voice traffic grew by 8.3% to record 98.2 million minutes in the fourth quarter of 2020 from 90.6 million minutes in the third quarter of 2020. The growth in fixed voice traffic per category is shown in the following table:

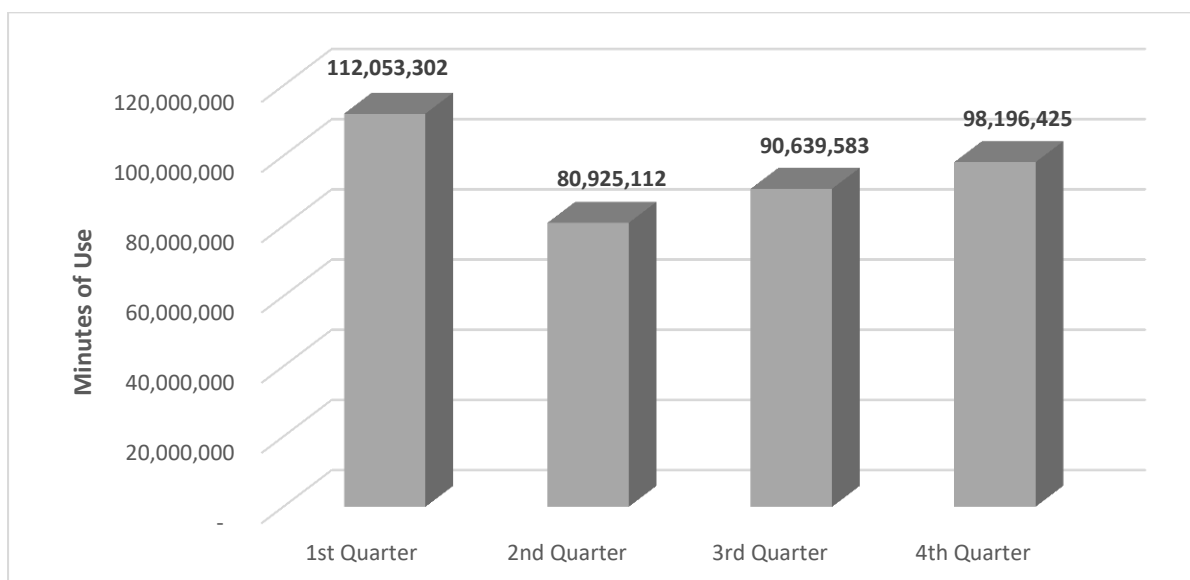
**Table 2: Fixed Voice Traffic**

Traffic category	3rd Quarter 2020	4 <sup>th</sup> Quarter 2020	Variance
Net on Net	11,112,431	11,627,323	4.6%
Outgoing to Mobile	68,449,566	75,126,709	9.8%
Incoming from Mobile	4,868,073	4,290,172	-11.9%
Incoming from IAPs	791,938	889,809	12.4%

<b>Outgoing to IAPs</b>	820,702	825,608	0.6%
<b>Total National Voice Traffic</b>	86,042,710	92,759,621	7.8%
<b>International Incoming</b>	3,077,507	3,763,853	22.3%
<b>International Outgoing</b>	1,519,366	1,672,951	10.1%
<b>Total traffic</b>	<b>90,639,583</b>	<b>98,196,425</b>	<b>8.3%</b>

The volume of fixed voice traffic has been gradually improving after the huge slump recorded in the second quarter of 2020 as shown below:

**Figure 3: Fixed Network Traffic**

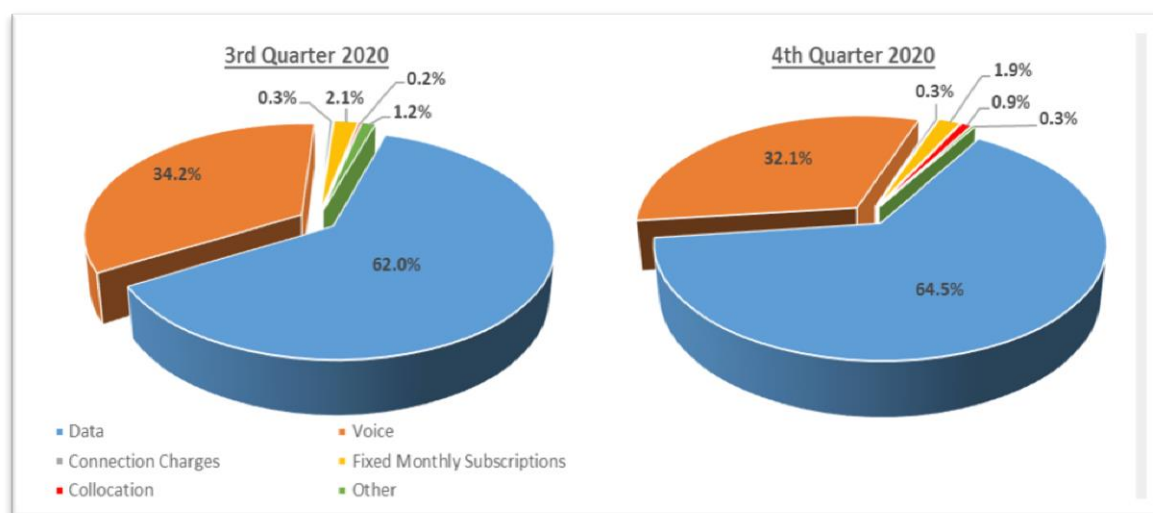


The growth in fixed voice traffic is attributable to the upscaling of business operations and the increased number of workforce back at work following the relaxation of COVID-19 restrictions in the quarter under review.

## 1.3 FIXED TELEPHONE REVENUES, INVESTMENT & COSTS

Fixed network revenue grew by 41.7%, whereas operating costs grew by a higher margin of 76.1%. The growth in revenue is attributable to an increase in usage traffic as highlighted in Section 2.2 above. The revenue contribution of Internet and data to total fixed telephone revenue increased, whereas the contribution of voice service declined as shown below:

**Figure 4: Contribution to Revenue by Service**



Data has become the main revenue contributor for the fixed network. The increased adoption of e-learning and telecommuting has resulted in increased data consumption and revenues, therefrom.

## 2. MOBILE TELEPHONY

### 2.1 MOBILE SUBSCRIPTIONS

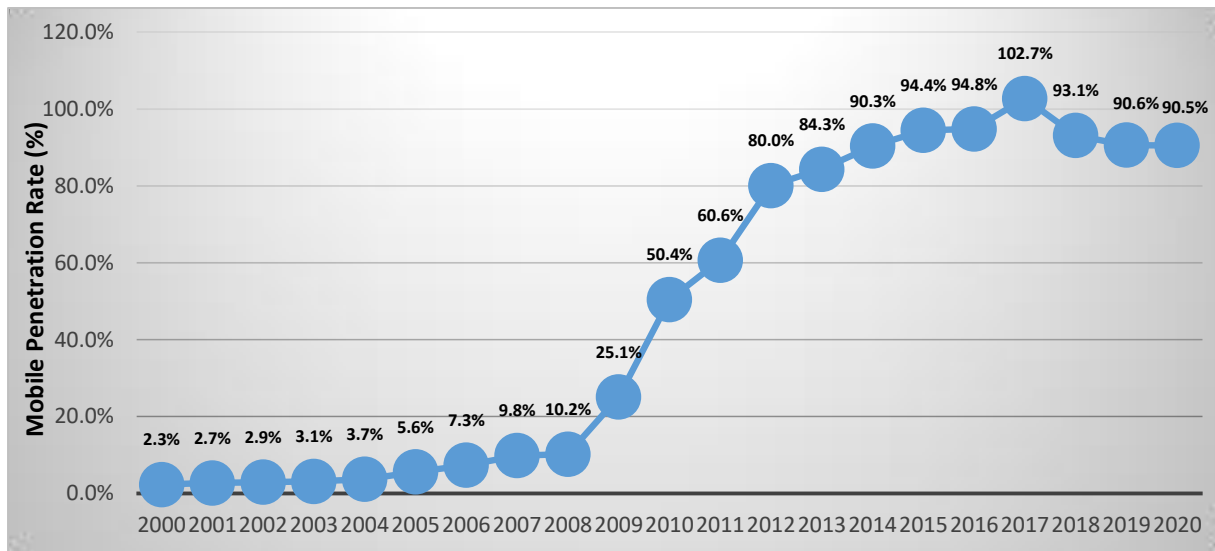
There was a 3.2% growth in active mobile telephone subscriptions in the quarter under review, reaching 13,191,708 from 12,798,298 recorded in the third quarter of 2020. All the mobile operators recorded an increase in active subscriptions as shown in the table below:

**Table 3: Active Mobile Subscriptions**

Operator	3rd Quarter 2020	4 <sup>th</sup> Quarter 2020	Variance (%)
Econet	8,603,084	8,773,300	2.0%
NetOne	3,455,277	3,691,314	6.8%
Telecel	725,424	727,094	0.2%
Total	12,783,785	13,191,708	3.2%

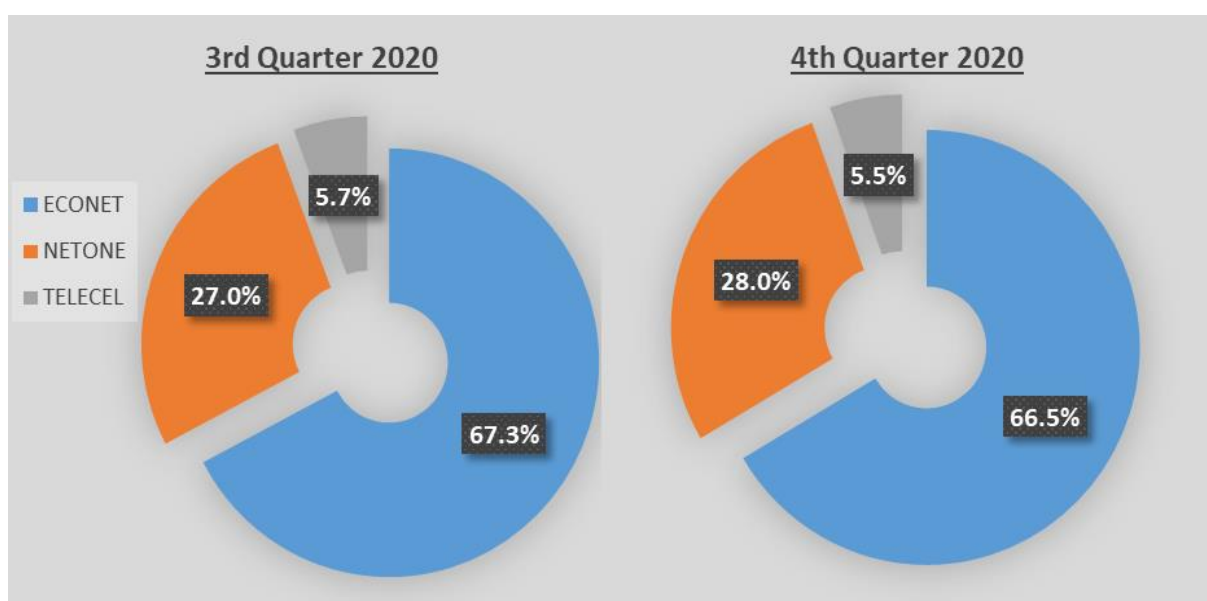
The mobile penetration rate increased by 2.8% to reach 90.5% from 87.7% recorded in the previous quarter. Although an increase in the penetration rate was recorded in the final quarter of 2020, an annual comparison shows a decline in year-on-year mobile penetration rate as shown in Figure 5 below:

**Figure 5: Mobile Penetration Rate**



The decline in the annual penetration rate as shown above, is attributable to the slump in active mobile subscriptions experienced in the second quarter of 2020, as the COVID-19 pandemic affected consumption; this saw a reduction in multi-SIM use. Figure 6 below shows a quarterly comparison of the market share of active mobile subscriptions:

**Figure 6: Market Share of Mobile Subscribers**



As shown above, NetOne gained market share by 1%, whereas Econet and Telecel lost subscriber market share by 0.8% and 0.2%, respectively.

## 2.2 MOBILE VOICE TRAFFIC

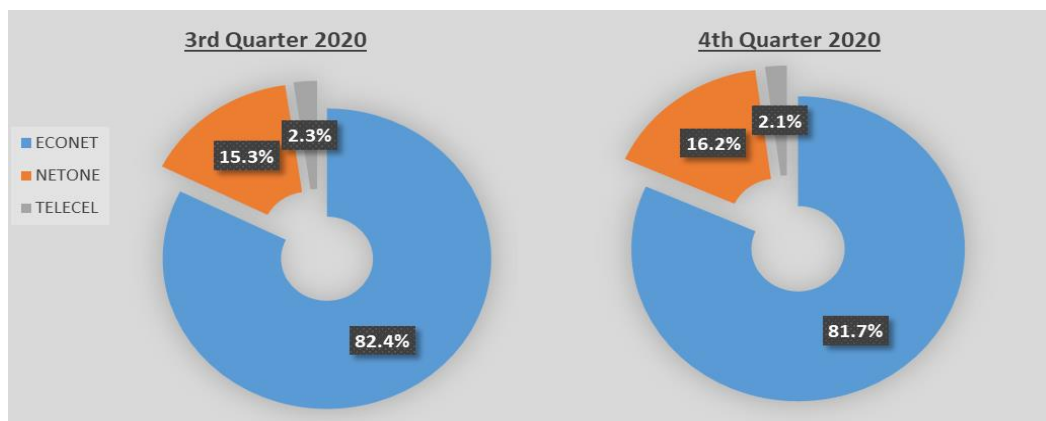
Total mobile voice traffic declined by 3.3% to record 1.51 billion minutes in the fourth quarter of 2020 from 1.56 billion minutes recorded in the third quarter of 2020. A quarterly comparison of the mobile voice traffic by category is shown in Table 4 below:

**Table 4: Mobile Telephone Traffic**

<b>Traffic Category</b>	<b>3<sup>rd</sup> Quarter 2020</b>	<b>4<sup>th</sup> Quarter 2020</b>	<b>Variance (%)</b>
<b>Net on Net</b>	1,122,142,287	1,096,793,811	-2.3%
<b>Mobile to Fixed</b>	4,816,400	4,290,172	-10.9%
<b>Incoming from Fixed</b>	68,472,673	75,126,709	9.7%
<b>Mobile to Other Mobile (by termination)</b>	297,125,779	262,408,191	-11.7%
<b>Outgoing to IAPs</b>	2,576,319	2,159,062	-16.2%
<b>Incoming from IAPs</b>	29,898,228	31,764,197	6.2%
<b>TOTAL NATIONAL</b>	<b>1,525,031,686</b>	<b>1,472,542,142</b>	-3.4%
<b>International Incoming</b>	29,865,846	30,548,389	2.3%
<b>International Outgoing</b>	4,456,366	5,188,938	16.4%
<b>Inbound Roaming</b>	470,073	649,132	38.1%
<b>Outbound Roaming</b>	76,118	183,257	140.8%
<b>Total</b>	<b>1,559,900,089</b>	<b>1,509,111,858</b>	<b>-3.3%</b>

Although national traffic declined, international voice and roaming voice traffic grew. Outbound roaming traffic recorded the biggest growth of 140.8%; this is attributable to improved intercountry movement of persons following the relaxation of travel restrictions. A quarterly comparison of the voice traffic market share is shown in Figure 7 below:

**Figure 7: Voice Traffic Market Share**

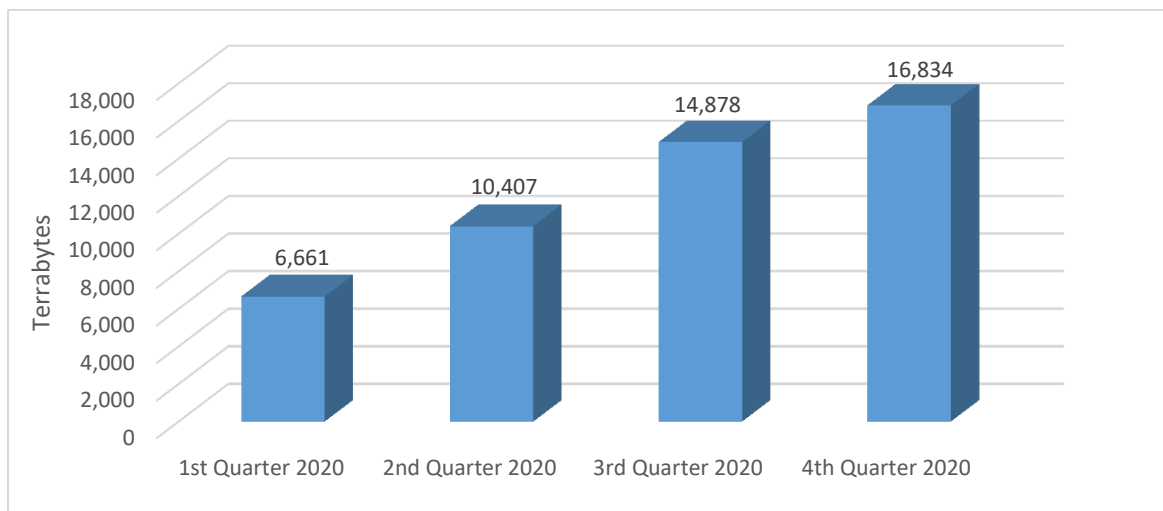


As shown above, Econet and Telecel lost voice traffic market share by 0.7% and 0.2%, respectively, whereas NetOne gained market share of voice traffic by 0.9%.

## 2.3 MOBILE INTERNET & DATA

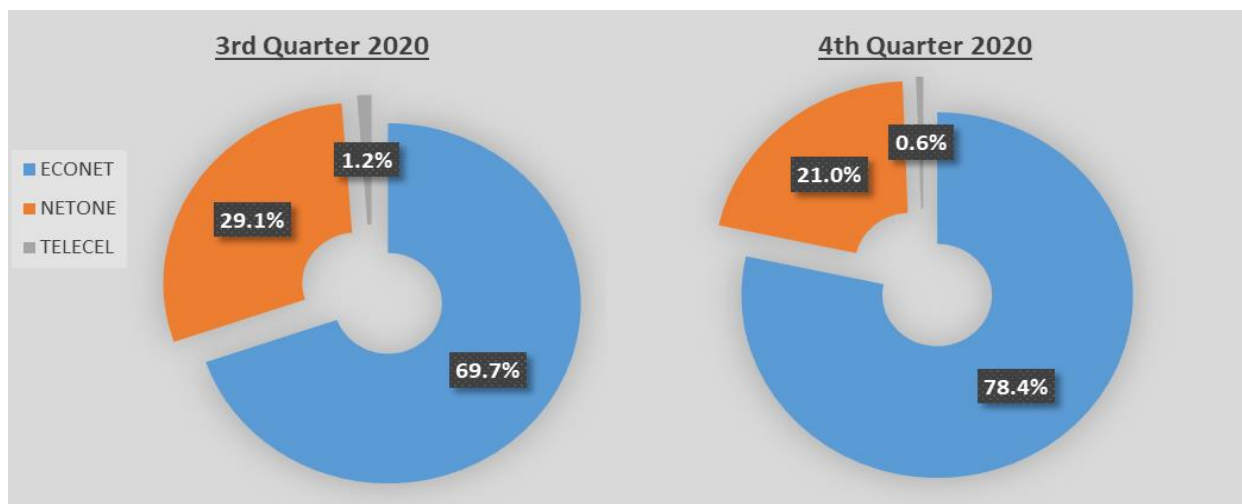
A total of 16,834 Terabytes of mobile Internet and data was consumed in the fourth quarter of 2020. This represents a 13.1% increase from 14,878 Terabytes consumed in the third quarter of 2020. The growth in mobile Internet and data usage over the course of the year is illustrated below:

**Figure 8: Mobile Data & Internet Usage**



In-bundle data constituted 97.1% of total mobile Internet and data usage, up from 95.1% recorded in the third quarter of 2020. A quarterly comparison of the market share of mobile Internet and data usage is shown in Figure 9 below:

**Figure 9: Market Share of Internet & Data Traffic**

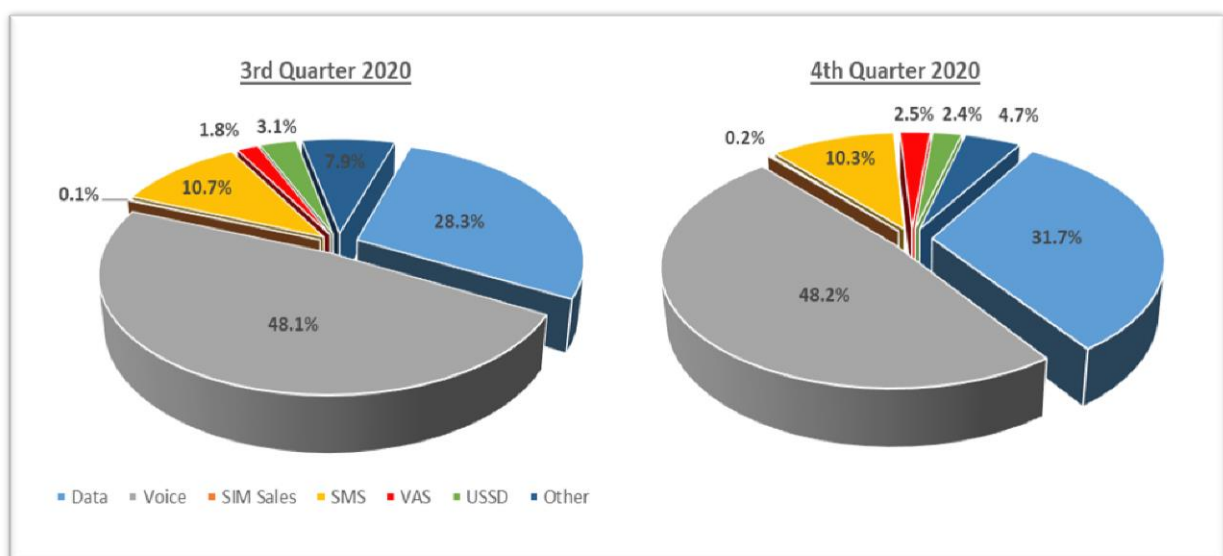


As shown above, NetOne and Telecel lost market share by 8.1% and 0.6%, respectively in line with the decline in consumption. Econet gained mobile Internet and data traffic market share by 8.7%.

## 2.4 MOBILE REVENUES, COSTS & INVESTMENT

Total mobile operator revenues grew by 37.5% to record ZWL12.3 billion in the fourth quarter of 2020 from ZWL8.94 billion in the third quarter of 2020. A quarterly comparison of the revenue contribution per service is shown below:

**Figure 10: Mobile Revenue Contribution per Service**



As shown above, the revenue contribution of Internet and data recorded the biggest growth of 3.4%. Operating costs incurred by mobile operators in the fourth quarter of 2020 are shown below:

**Table 5: Mobile Network Operating Costs**

Operator	Operating costs (exclusive of foreign currency losses)			Operating costs (inclusive of foreign currency losses)		
	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	Variance	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	Variance
<b>Total</b>	<b>2,533,700,425</b>	<b>5,713,516,935</b>	<b>125.5%</b>	<b>16,161,942,218</b>	<b>16,216,960,882</b>	<b>0.3%</b>

Staff costs, depreciation and bandwidth costs constituted the bulk of mobile network operating costs. Capital expenditure by the mobile operators in the fourth quarter of 2020 was ZWL74,794,610. This is a marked growth from ZWL9,777,643 invested in the third quarter of 2020. The investment was mainly in national transmission, as well as computer hardware and software.

## 2.5 MOBILE TELEPHONY INFRASTRUCTURE

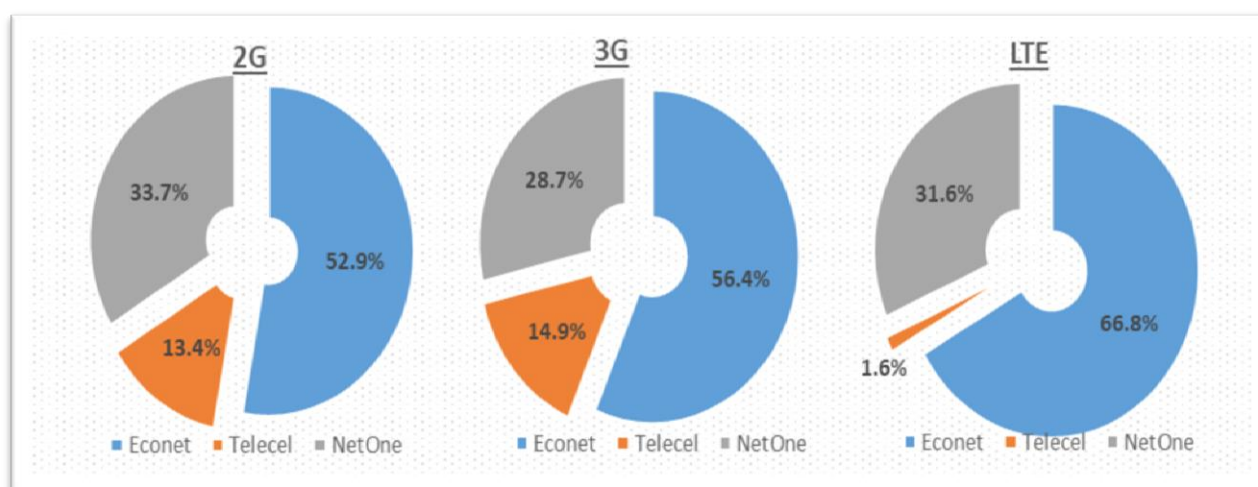
The growth in base stations per technology and per operator, in the fourth quarter of 2020 is shown in Table 6 below:

**Table 6: Mobile Base Stations**

Operator	2G			3G			LTE		
	Q3 2020	Q4 2020	Net Addition	Q3 2020	Q4 2020	Net Addition	Q3 2020	Q4 2020	Net Addition
<b>Econet</b>	2,627	2,627	-	1,640	1,650	10	725	726	1
<b>Telecel</b>	664	664	-	435	437	2	17	17	-
<b>NetOne</b>	1,674	1,674	-	830	839	9	330	343	13
<b>Total</b>	<b>4,965</b>	<b>4,965</b>	<b>-</b>	<b>2,905</b>	<b>2,926</b>	<b>21</b>	<b>1,072</b>	<b>1,086</b>	<b>14</b>

As shown above, twenty-one new 3G and fourteen new LTE eNode Bs were deployed in the fourth quarter of 2020. Of these, two 3G base stations and three LTE eNode Bs were deployed in rural areas. The market share of mobile base stations was as follows:

**Figure 11: Market Share of Mobile Base Station Infrastructure**



There was no change in the market share of 2G base stations as no new deployments were made. There was little change in the market share of 3G base stations as NetOne gained 0.1%, Telecel lost 0.1% and Econet's market share remained constant. In terms of LTE, Econet lost 0.8% which was gained by NetOne. Telecel's market share remained unchanged.

## 2.6 MOBILE MONEY

### 2.6.1 MOBILE MONEY SUBSCRIPTIONS

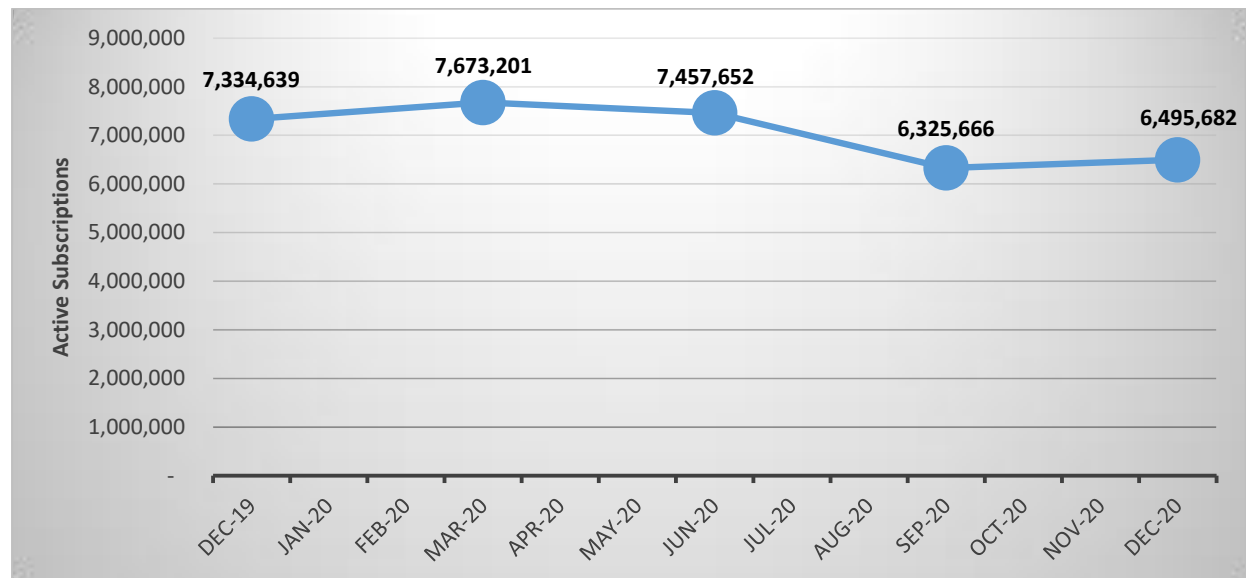
The total number of active mobile money subscriptions as at 31 December 2020, was 6,495,682. This represents a 2.7% growth from 6,325,666 recorded as at 30 September 2020. The growth in active mobile money subscriptions per operator is shown in the following table:

**Table 7: Active Mobile Money Subscriptions**

OPERATOR	3 <sup>rd</sup> Quarter 2020	4 <sup>th</sup> Quarter 2020	Variance (%)
ECOCASH	5,452,148	5,553,981	1.9%
ONE MONEY	854,320	936,479	9.6%
TELECASH	19,198	5,222	-72.8%
<b>TOTAL</b>	<b>6,325,666</b>	<b>6,495,682</b>	<b>2.7%</b>

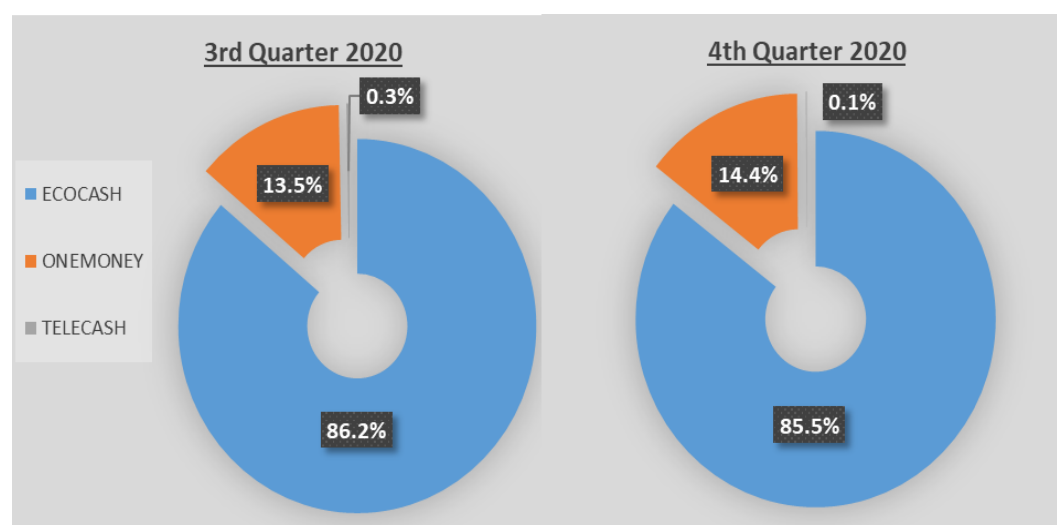
Telecash was the only operator to record a decline in active mobile money subscriptions, whereas One Money recorded the biggest growth of 9.6%. Generally, active mobile money subscriptions have been fluctuating over the course of 2020 as shown below:

**Figure 12: Growth in Active Mobile Money Subscriptions**



As shown above the total number of active mobile money subscriptions at the close of 2020 is much lower than that recorded in December 2019. A quarterly comparison of the market share of mobile money subscriptions is shown in Figure 13 below:

**Figure 13: Market Share of Active Mobile Money Subscriptions**



As shown above, Econet and Telecel lost market share by 0.7% and 0.2%; on the other hand, NetOne gained market share by 0.9%.

## 2.6.2 MOBILE MONEY TRANSACTIONS

Although growth in the value of mobile money transactions was recorded in the quarter under review, the volume (number) of processed transactions declined as shown in the Table 8 below:

**Table 8: Mobile Money Transactions**

	3 <sup>rd</sup> Quarter 2020	4 <sup>th</sup> Quarter 2020	Variance
<b>Airtime, Bill &amp; Merchant Payments</b>	ZWL12,799,339,473	ZWL19,374,126,186	51.4%
<b>Cross Network Transactions</b>	ZWL200,833	ZWL385,831	92.1%
<b>Number of transactions</b>	328,137,616	295,205,189	-10.0%

Cross network mobile money transactions recorded the biggest growth of 92.1%; cross network mobile money transactions are expected to increase gradually as interoperability is fully implemented in line with Statutory Instrument 80 of 2020 on Banking Money Transmission, Mobile Banking and Mobile Money Interoperability Regulations. The market share of mobile money transactions is shown in Table 9 below:

**Table 9: Market Share of Mobile Money Transactions**

Operator	Number of Transactions			Value of Transactions		
	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	Variance	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	Variance
<b>Ecocash</b>	98.26%	97.98%	-0.28%	95.75%	95.79%	0.04%
<b>OneMoney</b>	1.71%	1.98%	0.27%	4.16%	4.10%	-0.06%
<b>Telecash</b>	0.03%	0.04%	0.01%	0.09%	0.11%	0.02%
<b>Total</b>	<b>100%</b>	<b>100%</b>	-	<b>100%</b>	<b>100%</b>	-

As shown above, there was no material change in the market share of the value and volume of mobile money transactions.

### 3. DATA & INTERNET SERVICES

#### 3.1 SUBSCRIPTIONS

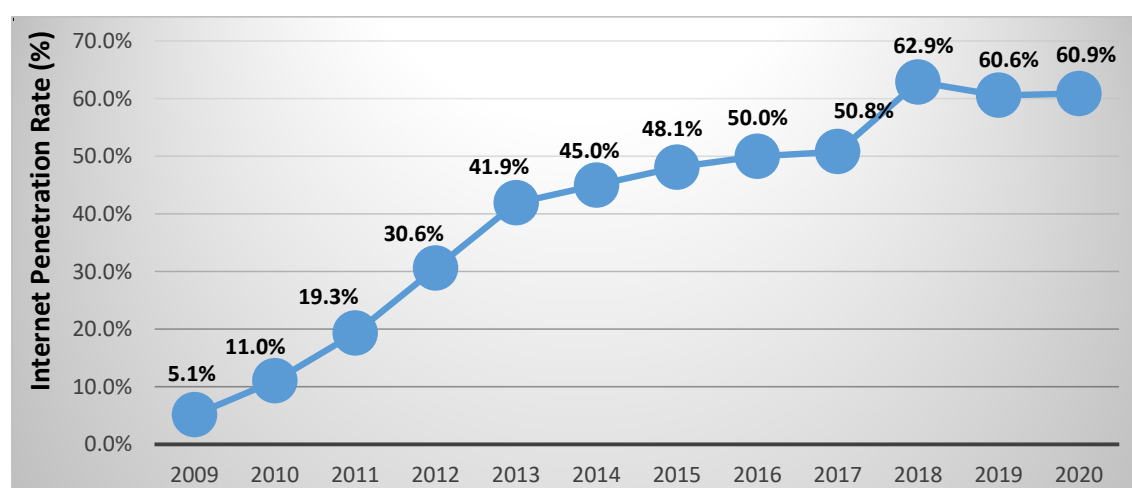
The total number of active Internet and data subscriptions increased by 1.7% to reach 8,875,649 in the fourth quarter of 2020 from 8,726,904 recorded in the third quarter of 2020. Table 10 below shows a quarterly comparison of active data and Internet subscriptions by technology.

Table 10: Active Internet Subscriptions

Technology	3 <sup>rd</sup> Quarter 2020	4 <sup>th</sup> Quarter 2020	Variance (%)
3G/HSDPA/LTE	8,547,844	8,695,188	1.7%
Leased Lines	1,646	1,486	-9.7%
DSL	110,586	112,133	1.4%
WiMAX	1,953	1,661	-15.0%
CDMA	15,313	14,065	-8.1%
VSAT	2,682	2,427	-9.5%
Active Fibre Subscriptions	46,880	48,689	3.9%
<b>Total</b>	<b>8,726,904</b>	<b>8,875,649</b>	<b>1.7%</b>

As shown above, DSL and Fibre (FTTX) were the only fixed Internet categories to record growth. The Internet penetration rate increased by 1% to reach 60.9% from 59.9% recorded in the previous quarter. The growth in the Internet penetration rate over the past years is shown in Figure 14 below:

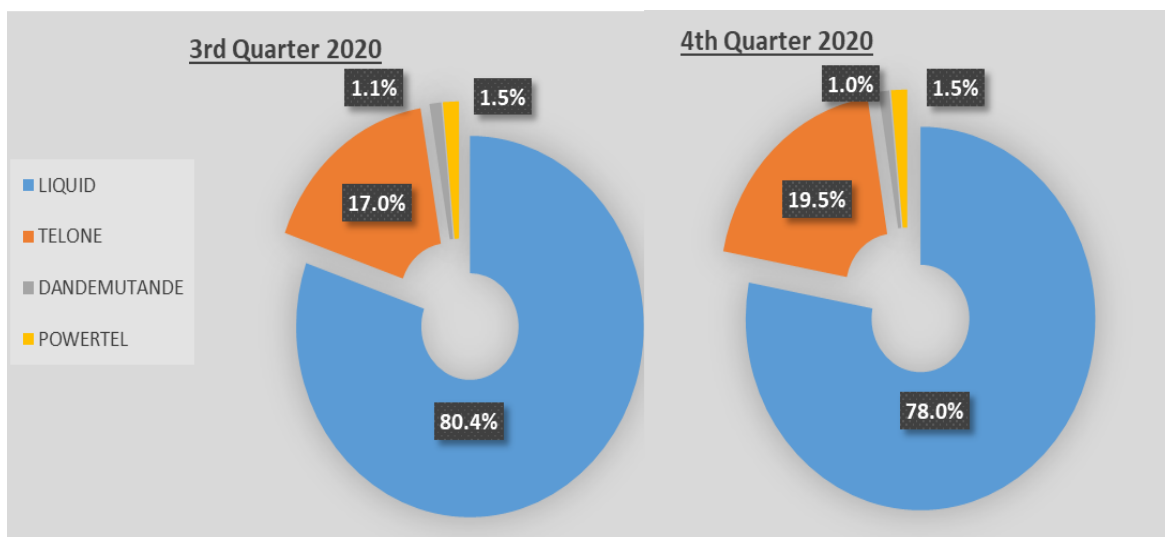
Figure 14: Internet Penetration Rate



### 3.2 INTERNATIONAL INTERNET CONNECTIVITY

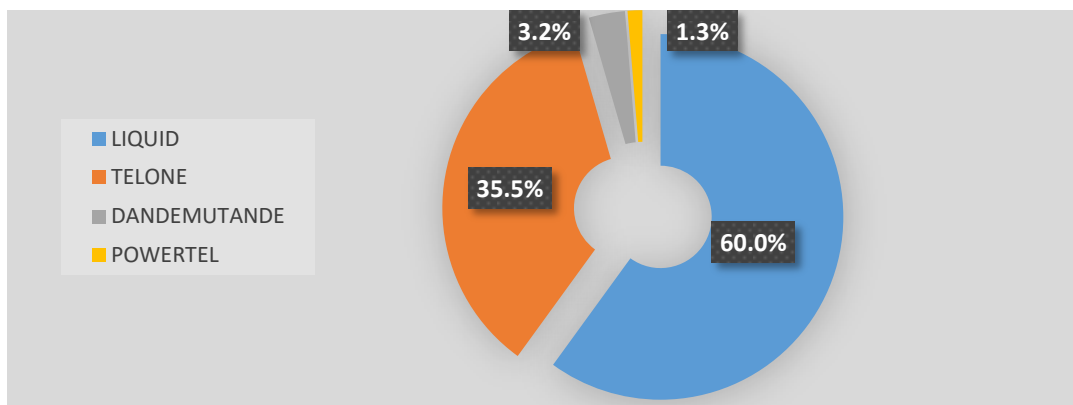
Equipped incoming international Internet capacity increased by 3.1% to reach 333,416Mbps in the fourth quarter of 2020, from 323,416Mbps recorded in the third quarter of 2020. IAPs will need to continue expanding their bandwidth capacities to meet the demand. TelOne gained market share relative to the other Internet Access Providers due to expansion in the equipped international Internet bandwidth capacity as shown in Figure 15 below:

**Figure 15: Market Share of Equipped International Internet Bandwidth Capacity**



Used international outgoing bandwidth capacity also increased by 27.5% to reach 51,075Mbps in the quarter under review, from 40,033Mbps in the previous quarter. This implies growth in the consumption of local content online. Used international incoming bandwidth capacity also increased by 6.7% to record 159,665 from 149,665 in the third quarter of 2020. The market share of used international Internet capacity is shown in Figure 16 below:

**Figure 16: Market Share of Used International Internet Capacity**



Used international Internet bandwidth capacity is expected to continue increasing due to the growing demand for data and Internet services and the growing availability of local online content.

### 3.3 IAP REVENUES & OPERATING COSTS

Internet Access Providers recorded a 59.5% growth in revenues vis-à-vis a 31.6% growth in operating costs. Capital expenditure grew considerably as IAPs expanded their networks and capacities. Table 11 below shows a quarterly comparison of IAP revenue, costs and capital expenditure:

**Table 11: IAP Revenues & Operating Costs**

	<b>3<sup>rd</sup> Quarter 2020</b>	<b>4<sup>th</sup> Quarter 2020</b>	<b>Variance (%)</b>
<b>Revenue</b>	2,854,599,176	4,553,042,985	59.5%
<b>Operating Costs</b>	1,919,407,734	2,525,290,742	31.6%
<b>Capital Expenditure</b>	87,261,701	291,280,715	233.8%

IAP revenues rose on the back of increased demand for Internet and data.

## 4. POSTAL & COURIER

### 4.1 POSTAL & COURIER VOLUMES

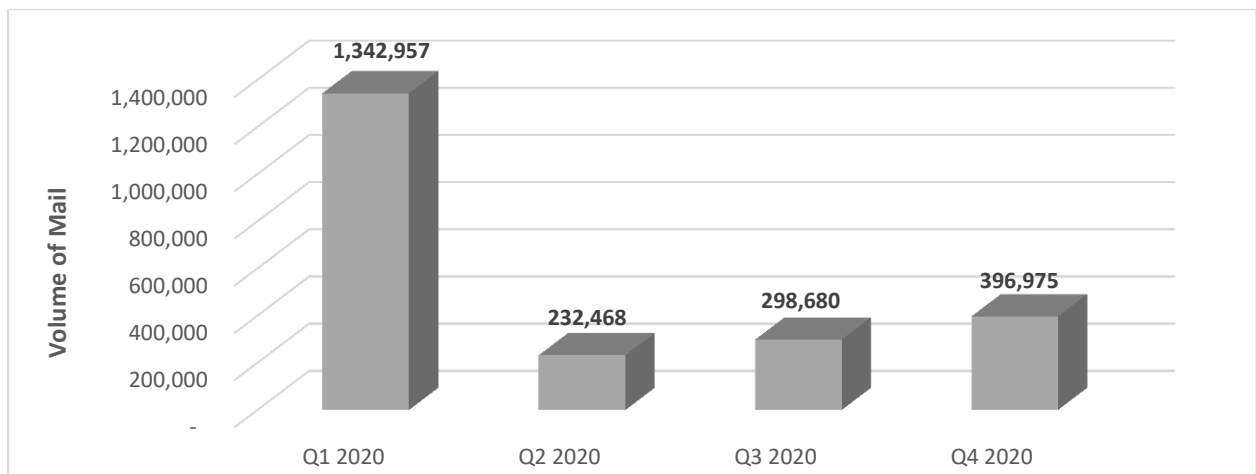
Total postal and courier volumes improved by 33.4% to record 396,975 items in the fourth quarter of 2020 from 297,680 items recorded in the third quarter of 2020. There was a significant improvement in international courier volumes as shown in Table 12 below:

**Table 12: Postal and Courier Volumes**

<b>Postal and Courier Service</b>	<b>3<sup>rd</sup> Quarter 2020</b>	<b>4<sup>th</sup> Quarter 2020</b>	<b>% Growth</b>
<b>Domestic postal letters</b>	156,939	185,702	18.3%
<b>Domestic courier</b>	78,375	91,028	16.1%
<b>International incoming courier</b>	52,185	92,754	77.7%
<b>International outgoing courier</b>	11,181	19,491	74.3%
<b>Total Postal &amp; Courier</b>	<b>297,680</b>	<b>396,975</b>	<b>33.4%</b>

The growth in mail volumes, particularly international courier, is attributable to the improved ease of channelling courier items to and fro several destinations as lockdown policies were relaxed in various countries in the final quarter of 2020. The application of COVID-19 restrictions affected the channelling of mail and caused a huge dip in mail volumes in the second quarter of 2020 as shown below:

**Figure 17: Postal & Courier Volumes**

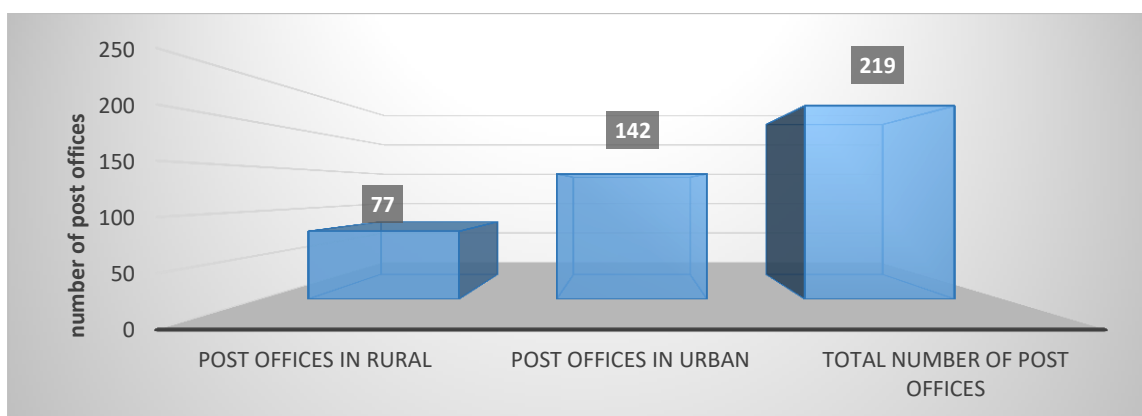


Despite the growth recorded in the quarter under review, postal and courier volumes are still way below the quarterly average of over 1 million prior to the COVID-19 era as shown above.

## 4.2 POSTAL DENSITY

The number of postal outlets remained at 219; hence, the postal density was 66,539. This implies that there is one post office per 66,539 people, which is relatively high. The post offices are broken down as follows:

**Figure 18: Post Offices**



The number of post offices with Internet connection remained 152. More still needs to be done by the designated postal operator to connect all post offices. This will enable expansion in the scope of services offered within post offices.

## **5. OUTLOOK**

The COVID-19 pandemic negatively affected various sectors posing economic hardship for consumers, businesses and communities across the globe. The telecommunications sector was not an exception. Like most essential sectors, the industry found itself on the frontline, using all of its capacity to deliver connectivity to homes, businesses and governments, to keep nations afloat as the pandemic raged on. IP networks in particular, have come to play a life-saving role in this pandemic, enabling simple data communications to transfer critical information, provide media and entertainment content, connect remote endpoints, and enable financial transactions, enterprise operations, government administration, healthcare and communications.

COVID-19 will not go away so soon but its spread will decrease owing to ongoing vaccinations across the globe and at national level. Hence, prospects for economic recovery are bright especially given the expectation of a maize bumper harvest. This will boost agro-based production, which has not been the case for a long time. The anticipated increase in economic activity will create more employment opportunities and increase disposable incomes, which will help boost aggregate demand.

Resultantly, we are likely to witness a surge in demand for communication services, in particular data and courier volumes as consumers adapt to the new normal of life. Hence, digitalisation is likely to be scaled up, with operators repositioning themselves by upgrading and automating their networks to enhance agility to deliver new services/ applications to meet fast changing and versatile consumer demands. Coverage only, will no longer be a key strategic factor, hence we may see operators investing more in faster broadband technologies such as 4G and probably, 5G. Given the demand in broadband, and the competition in its provision, there will be renewed focus on customers' needs by taking a more refined approach to customer engagement.

Notably, the COVID-19 pandemic has exposed the extent of exclusion and deepened pre-existing inequalities in access to digital services. The broadband gap between the urban and

rural areas is more evident and is an obstacle towards the implementation of programs such as e learning at national level. Accordingly, we are likely to witness increased efforts towards efforts to accelerate the speed of connecting underserved areas. Closing this access gap will be of critical importance in 2021.