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NCC Launches Review of Mobile Termination Rates and Wholesale Telecom Charges

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INTRODUCTION

The Nigerian Communications Commission ("NCC") has commenced a formal review of the Mobile Termination Rates ("MTR") applicable within the Nigerian telecommunications sector.[1] The review is an exercise aimed at reassessing the wholesale pricing framework that governs how telecom operators charge one another for terminating voice calls across networks. The exercise comes approximately eight years after the current MTR framework was established in 2018 and reflects the Commission's intention to align telecom pricing with present-day economic and industry realities.

UNDERSTANDING MOBILE TERMINATION RATES

Mobile Termination Rate (MTR) refers to the wholesale fee paid by one telecommunications operator to another for completing a voice call on the recipient network. In practical terms, when a subscriber on one network places a call to another network, the originating operator pays the receiving operator a termination charge for completing that call. Since MTR directly dictates interconnection costs between competing networks, any adjustment to these rates may influence how much operators charge consumers for retail calls in the telecommunications market.

WHY IS THE NCC REVIEWING THIS NOW?

In a recent release, the NCC has indicated that these rates may no longer reflect prevailing economic conditions. The ongoing review is driven by several key factors, including significant macroeconomic changes such as inflation pressures and foreign exchange volatility, as well as rising operational costs in the telecom sector, particularly energy expenditure. The NCC is also considering the impact of technological advancements, including 5G deployment and increased reliance on data-driven services. These developments have altered network usage patterns and necessitate a reassessment of existing pricing models to ensure they remain cost-reflective and sustainable.

SCOPE AND PROCESS OF THE REVIEW

The review extends beyond MTR to include a broader evaluation of wholesale interconnection charges within the sector. This includes International Termination Rates (ITR), USSD pricing, application-to-person (A2P) messaging rates, and pricing structures for mobile virtual network operators (MVNOs). The process is expected to involve extensive stakeholder engagement with telecommunications operators and industry associations like the Association of Licensed Telecommunications Operators of Nigeria (ALTON) and the Association of Telecommunications Companies of Nigeria (ATCON).

EXPECTED OUTCOMES AND INDUSTRY IMPLICATIONS

The review is expected to be concluded within approximately four months, after which the NCC will issue a revised determination on Mobile Termination Rates (MTR) and related wholesale charges. The outcome may result in a recalibrated, cost-reflective framework aligned with prevailing market

[1] https://ncc.gov.ng/media-center/public-notices/industry-stakeholder-consultative-forum-consultancy-study-determination

conditions. An increase in MTR could lead to higher interconnection costs for operators and may exert upward pressure on retail call tariffs, while a reduction could enhance price competition but compress operator margins. In either scenario, the review is likely to have significant implications for revenue distribution among operators, retail pricing structures, and investment planning within the sector.

Stakeholders across the telecom value chain, including operators, consumers, and investors, should closely monitor developments as the outcome of this review may materially reshape pricing and competition in the sector. Stakeholders must prepare for shifts in revenue distribution and recalibrate their 2026/2027 investment planning accordingly.

Our Technology, Media, and Telecommunications (TMT) practice group closely monitors regulatory developments in the sector. For further inquiries or clarifications regarding the potential impact of this NCC review on your operations, please contact our team.

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