MALTA COMMUNICATIONS AUTHORITY

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Market developments for electronic communications and post – a review of outcomes for 2022 based on Q3 figures

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The Malta Communications Authority (MCA) is responsible for the regulation and oversight of Malta's telecommunications and postal sectors. As part of this mandate, the MCA regularly collects data from authorized operators in these industries to track market trends and ensure compliance with regulations. This data gathering exercise is conducted on a quarterly basis, with operators submitting their data to the MCA for analysis.

The current publication provides insight into the key market trends for the telecoms and postal sectors in Malta during the first three quarters of 2022. By highlighting these trends, the MCA aims to inform industry stakeholders and the general public about the state of these sectors in Malta.

The publication specifically takes into account changes in telecom subscriptions, voice call activity, internet data consumption and postal mail activity, thus enabling the MCA to provide an overview of some of the key developments and shifts in consumer behavior and preferences in these sectors.

General developments

There is a significant growth in the demand for telecom services in Malta, as reflected in the increase of subscriptions for all electronic communication services.

The data shows that end-users are increasingly seeking higher-speed data offers and upgrading to mobile data plans with larger allowances. The mobile telephony segment saw a 7% increase in subscriptions year-on-year, with mobile data usage in Q1-Q3 2022 surpassing the volume recorded in the same period of 2021 by 56%.

The fixed broadband market also showed an upward trend, with a 4% year-on-year increase in the number of users and a remarkable surge of 188% in subscriptions for fixed broadband plans with a speed of 500Mbps or more, mainly attributed to one of the operators upgrading its service for existing clients.

Subscriptions for pay-TV were up by 4.6% year-on-year, with this change happening in the context of more subscriptions materialising in a bundle setting alongside the fixed broadband service.

In the fixed telephony segment, there was a small annual growth of 0.7% in subscriptions. However, there was a substantial decline in the number of minutes used, with a 24.1% decrease when comparing the first nine months of 2022 to the same period in the previous year. This decline is likely the result of people increasingly using mobile services instead.

For the postal segment, mail volumes decreased by 6.5% in the first nine months of 2022 compared to the same period in the previous year. This decline was mainly caused by mail within the universal service, which dropped by 7.8%. However, mail volumes outside the universal service showed an increase of 11.8%, but this was not enough to make up for the decrease in mail within the universal service.

Additional insights on developments are provided below.

Fixed Broadband

Fixed broadband subscriptions were up by 8,794 (or by 4%) year-on-year, reaching a total of 228,254 by the end of September. This development is mainly a result of a rise in the take-up of fast and ultra-fast internet, specifically for the high-end segment with speeds of 500Mbps and more, which was up by 51,536 in the 12-month period under review. Whilst, a good number of end-users are opting for faster internet speeds to ensure that they can carry out activities like streaming or working from home without any lag or buffering, operators are very often upgrading their clients to higher speeds by way of a prior notification.

Looking at subscriptions by technology, subscriptions via the FTTH network grew the most year-on-year, increasing by 23% to represent 25% of all subscriptions at the end of September. Cable subscriptions also saw a rise of 3%, to account for 48% of all subscriptions by the end of the current reporting period. Meanwhile, fixed wireless subscriptions increased by 17% year-on-year, to make up 7% of all subscriptions at the end of September. The significant rise in fibre subscriptions has to be seen in the context of further roll-out of the technology and the drive by the respective operator to switch existing clients away from the copper DSL platform. This also explains why the copper DSL platform recorded a 14% drop in subscriptions year-on-year.

The average revenue per user (ARPU) for fixed broadband was €63.61, a 9% increase from the previous 12-month period. This development consolidates fixed broadband as the biggest source of revenue per user for local telecommunication operators and is essentially linked to consumer’s migration to faster internet speeds.

Mobile telephony

The number of mobile telephony subscriptions increased by 7% year-on-year, reaching a total of 695,833 by the end of the third quarter of 2022. This growth was mainly due to an increase in the post-paid segment, with an increase of 33,159 subscriptions, and also a rise in pre-paid subscribers, which increased by 12,477 in the same period.

Mobile data consumption also significantly increased with domestic mobile internet data volumes (in Mb) for the first nine months of the year up by 63% over the same period a year earlier.

Consistent with developments observed in the past years, voice call and SMS volumes in the third quarter of 2022 were down by 2% and 12% respectively when compared to the third quarter of the previous year, potentially as end-users made higher use of OTT-based platforms.

The average revenue per user (ARPU) for mobile telephony was €38.77 in the third quarter of 2022, a decrease from €43.55 a year earlier.

Pay-TV

The TV segment maintained an upward trend in take-up for the first nine months of 2022, with subscriptions up by 8,152 (or by 4.6%) year-on-year to reach 184,438 at the end of the current reporting period. Almost 82% of all TV subscriptions were purchased on a bundle plan by the end of last September.

It can be noted that digital cable subscriptions were up by 8,125 (or by 4.6%) year-on-year whereas IPTV-based subscriptions increased by 6,116 (or by 9.4%) in the 12-month period till the end of September. The number of subscriptions on the DTTV platform, was down by 1,373 (or by 43.1%) as this platform in line with its gradual phasing out. Services over both the IPTV and DSL platforms are provided by the same service provider.

Pay-TV ARPU rose from €44.53 in the third quarter of 2021 to €50.05 in the third quarter of 2022.

Fixed telephony

The fixed telephony segment in Malta continues to face headwinds as susbcriptions were only up marginally year-on-year (at 0.7%) while at the same time recorded a decline in voice call and minute volumes - by 23.6% and 24.1% respectively in the first nine months of 2022 compared to the same period a year earlier. Most of the subscriptions are purchased as part of a bundle.

Additionally, the ARPU for fixed telephony in the third quarter of 2022 was €24.06, which is 26% lower than the third quarter of 2021.

High quality dedicated connections

Dedicated connections are high-quality, point-to-point data transmission connections typically used by businesses operating in Malta, such as government entities, banks and gaming companies.

This business segment is relatively niche for local operators as it represents a small portion of consumer-base with well-defined data connectivity, distinct from those exhibited by the mass market for fixed broadband. Often, these data connectivity services are offered with specific product characteristics such as no contention ratio, fully symmetrical speeds and Service Level Agreements (SLAs).

The number of high-quality dedicated connections totalled 313 by the end of the third quarter of 2022, down from 334 (or by 6.4%) at the end of September 2021. The MCA will over the coming months update the classification of high end connectivity subscriptions, in view of plans launched over the past months by local operators and which have not been reported to date.

Postal services

The postal segment saw a decrease in mail volume during the first three quarters of 2022, with a total of 6.1 million items sent, which is 6.5% less the volumes recorded in the same period a year earlier.

Within the scope of the universal service, the number of parcel mail items for the first nine months of 2022 were up by 4.0% year-on-year, however, other mail categories saw a decline. The registered mail category showed the largest percentage decline in volume at 47%, followed by an 11% drop in the number of letter mail items and an almost 3% decline in the number of bulk mail items.

On the other hand, postal mail volumes outside the scope of the universal service increased by 172,281 items in the first nine months of 2022 compared to the same period in 2021. The volumes of mail items weighing between 2kgs and 31.5kgs increased by 36.3%, whereas smaller sized parcel mail items decreased by 3.4%.

The above developments are potentially rooted in the increase of larger-sized parcel volumes linked to e-commerce activity.

Notes:

(i) Data cut-off date: 11th January 2023;

(ii) Data is preliminary and subject to change.