

Mobile Business 2 SS 2017 Homework 4 - Solutions Regulation

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Note: The solutions presented below should not be taken as absolute complete answers for the exercises, instead they should be viewed as a subset of possible answers.

Exercise 1 (Regulation Bodies): Briefly explain the goals and purposes of regulation and regulation bodies.

Solution:

Regulation limits the market power of a dominant supplier, prevents monopolies from demanding high prices and providing inflexible services. Regulation aims to encourage national and international competition, to foster innovation through competition.

Exercise 2 (Regulation of Mobile Telecommunications): What does regulation mean for the mobile communication market?

Solution:

The emergence of mobile communication had quite an impact on the telecom regulation at all levels, with licensing and frequency management being the main regulatory issues for the introduction of mobile services.

In addition, regulation related to interconnection and tariff regulation, pricing, or numbering were necessary for the development of a competitive and innovative market.

The spread of digital mobile telephony was to a large extent due to a general acceptance by operators and equipment manufacturers of the GSM standard (adopted by 210 countries) and CDMA standard (adopted by Japan and South Korea).

Exercise 3 (Regulation of Roaming)

- Briefly explain the reasons and objectives of roaming fees regulation within the EU.
- What are the consequences of these regulations for the users and mobile network providers?

Solution:

- a) The reasons for the regulation of roaming fees within EU are high prices for the calls, lack of price transparency, and market failure due to the influence of several companies which leads to monopoly.

The goals of EU regulations of roaming fees are to protect the consumers, to reduce user costs by stimulating a price competition between the network providers, and to maximize the resource distribution.

- b) Some consequences of these regulations are an upper bound on the incurred costs for the network providers, lower prices for voice, text and data services for the users, higher transparency, and lower prices for international text messages than national text messages.