



THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF INFORMATION, COMMUNICATION
AND INFORMATION TECHNOLOGY
TANZANIA COMMUNICATIONS REGULATORY
AUTHORITY



Ref. No: EB.32/160/01/105

09th February, 2024

Chief Executive Officer,
Honora Tanzania Plc,
PSSSF Commercial Complex,
24 Sam Nujoma Road,
P. O. Box 2929,
16102 DAR ES SALAAM.

DECISION ON COMPLIANCE ORDER

*(Pursuant to the Compliance Order issued to Honora Tanzania Limited
dated 4th January 2024)*

1.0 INTRODUCTION

- 1.1 Tanzania Communications Regulatory Authority (hereinafter referred to as the “**Authority**”) issued to **Honora Tanzania Plc** (hereinafter referred to as the “**Licensee**”), licences and radio frequency spectrum resources for provision of national network facilities, national network services and application services (hereinafter referred to as “**licensed services**”) in the United Republic of Tanzania.
- 1.2 In providing the licensed services, the Licensee is required to abide by the relevant provisions of the Law, Regulations, Authority’s directives and any other laws of Tanzania;
- 1.3 Regulation 37 of the Electronic and Postal Communications (SIM Card Registration) Regulations 2023, among other things, limits the number of SIM Cards to be registered per subscriber and enumerates the procedures to be followed where a subscriber is desirous of registering more than the allowed number of SIM Cards;
- 1.4 The Authority conducted investigations from 1st September 2023 to 19th November 2023 which revealed that, the Licensee allowed **1,892** National Identification Numbers (NINs) to register more than the allowed number, resulting to registration of **12,858** SIM Cards without following the duly established procedure.

- 1.5 On 22nd November 2023, the Authority directed the Licensee to provide explanation on the procedure used to register the SIM Cards as referred in para 1.4 while considering the requirements under Regulation 37 of the SIM Card Registration Regulations, 2023.
- 1.6 On 30th November 2023 the Licensee responded to the Authority admitting to have allowed 1,892 NINs to register more than the allowed number of SIM cards, contrary to the requirement of Regulation 37 of the SIM Card Registration Regulations, 2023. Further, the Licensee stated that, their analysis has revealed that, the Honora Tanzania PLC's agents exploited the process used to register customers with defaced fingers by registering SIM cards above the limit during the window/period for waiting verification of answers generated from NIDA system for customers with defaced fingers.

2.0 COMPLIANCE ORDER

The Authority on 4th January, 2024 issued a Compliance Order requiring the Licensee to submit a written explanation by 18th January 2024 and appear before the Authority on 22nd day of January, 2024 at 10:00 A.M, at the Authority's Headquarters in Dar es Salaam to show cause as to why Regulatory and Legal actions should not be taken against the Licensee for breach of Regulations.

3.0 COMPLIANCE ORDER HEARING

In compliance to the order, the Licensee submitted their written explanation on 18th January 2024 and appeared for Compliance Order hearing before the Authority on 22nd January 2024 at 10:00 A.M, being represented by Ms. Sylvia Balwire-Chief Regulatory Affairs Officer, Mr. Christopher Kimaro -Head of Risk and Mr. Victor Mtefu - Director of IT.

4.0 LICENSEE'S DEFENCE

- 4.1 In their defence, the Licensee acknowledged to receive the Authority's directive dated 22nd November 2023 and their response to the directive on 30th November 2023. The Licensee reiterated on their response to the directive which elaborated the analysis carried out after receiving the directive from the Authority. That, the findings of the analysis revealed there was a technical loophole which allowed 1,892 NINs to register

SIM cards above the limit as stipulated in Regulation 37 of the Electronic and Postal Communications (SIM Card Registration) Regulations, 2023. Following the analysis, the Licensee blocked 5,119 SIM cards identified to exceed the limit from the list shared by the Authority and blocked all identified agents involved in the registration of the said numbers above the limit. Further, the Licensee is implementing additional robust controls to rectify the anomaly on defaced fingers registration category in the SIM card registration system.

- 4.2 In addition to their response dated 30th November, 2023, the Licensee submitted that, it came to their attention the anomaly was happening on the registration of defaced fingers. That, the said anomaly was a new experience to them, because some of their agents exploited the process used to register customers with defaced fingers by registering SIM cards above the limit during the period waiting for verification of answers generated from NIDA systems. The Licensee requested the Authority to note that, the anomaly which resulted from defaced fingerprint registration sessions was unintentional and that, some few agents manipulated the process to register extra SIM cards.
- 4.3 Adding more to their defence, the Licensee submitted that, they took immediate corrective actions of blocking 5,119 identified SIM cards which were registered above the limit and the agents identified to be involved in the registration of SIM cards above the limit as a demonstration of commitment to the compliance of SIM Card Registration. That, the Licensee over the period of time has been demonstrating cooperation and commitment to the Authority to attain compliance and overarching goals of the Electronic and Postal Communications (SIM Card Registration) Regulations of 2023.
- 4.4 The Licensee further requested the Authority to note the reinforcement to the defaced finger registration category in the SIM card registration system, through the implementation of robust additional controls. The controls include an added defaced flag that will be reset after successful registration of the defaced SIM card. Also, an alert has been added to capture any CSIS failure responses on defaced registrations to avoid additional transaction to proceed for registration in order to address the anomaly that was previously misused by the SIM Card registration agents. Further, they have limited their agents to register defaced registration to one (1) SIM card and registration of more than one SIM Card are performed at the Licensee's shops only.

- 4.5 In responding to the Authority for more clarifications, the Licensee submitted that, they have an Internal Control Unit which performs audit and provide daily reports for all SIM cards that have been registered for that particular date. Also, there is an automatic alert in the SIM Card registration system for those SIM cards exceeding the limit. The control has also been enforced through daily audit and report of the defaced finger registration. That, the defaced finger registration process was misused by agents for opening registration of individuals hence exceeding the SIM cards limit.
- 4.6 In that regard, the Licensee invited the Authority to consider that, the nature of the SIM Card registration process can lead to unintentional breaches or system gaps and that they acknowledge the importance of promptly addressing any non-compliance issues that may arise. That, rather than a punitive approach, the Authority to continue with a collaborative and consultative approach on issues that cuts across all mobile operators. Further, recommended the Authority to continue to work together with the Licensee through the SIM card registration committee to escalate and deliberate on such malfunctions as soon as they are identified, for sharing of experience and best practices among operators in order to facilitate a mutual learning process and promote a culture of compliance across the industry.
- 4.7 In conclusion, the Licensee requested the Authority not to take legal and regulatory actions against them. That, they are ready to work together with the Authority to ensure SIM Card registration processes and procedures works seamlessly and comply to the requirement of the laws and regulations.

5.0 CONSIDERATION OF LICENSEE'S DEFENCE

Having read and heard the Licensee's defence, the Authority made the following observations in consideration of the Licensee's defence:-

- 5.1 That, the Licensee admitted on the breach of Regulation 37 of Electronic and Postal Communications (SIM Card Registration) Regulations of 2023, for registering SIM Cards above the stipulated limit per NIN. In their submission, the Licensee stated that, after receiving the directive from the Authority dated 22nd November 2023, they conducted an analysis of all 1,892 NINs and thereafter blocked 5,119 SIM Cards identified to exceed the limit from the list shared by the Authority.

- 5.2 The Authority considered the Licensee's submission on the fact that, the agents misused and manipulated the defaced finger registration process to register SIM Cards above the limit during the period waiting verification of answers generated from NIDA systems. In its consideration, the Authority noted the existence of principal-agent relationship between the Licensee and their agents. That the Licensee being the principal is responsible for the acts of the agents within the course of executing duties on behalf of the Principal, including compliance to the established procedures of SIM card registration as provided in the Electronic and Postal Communications (SIM Card Registration) Regulations of 2023.
- 5.3 Further, the Authority referred to the provisions of the Electronic and Postal Communications (SIM Card Registration) Regulations, 2023 particularly Regulations 5 (1) and 35 respectively. Regulation 5 (1) provides an obligation to the Licensee to establish verification procedures to ensure all SIM cards are registered for an intended customer with a respective NIN. Also, Regulation 35 requires the Licensee to conduct monthly vetting to their agents to ensure there is compliance to the requirements of SIM Card registration and the monthly report to be submitted to the Authority. The provisions of the Regulations clearly stipulate a responsibility of the Licensee towards compliance of their agents as they perform registration process on their behalf.
- 5.4 The Authority also observed during discussions that, the licensee does not conduct regular inspections on its agents, as stipulated in regulation 35 of the Electronic and Postal Communications (SIM Card Registration) Regulations of 2023. This lack of regular inspections hinders the identification of agents who do not comply with registration processes
- 5.5 Further, the Authority noted that, the Licensee conducted an analysis and took corrective action on the SIM Cards registered above the limit, after being issued with a directive from the Authority on 22nd November 2023. The Authority find this to be less proactive on the part of the Licensee. That, the Licensee is obligated to implement internal controls to monitor such fraud emanating from SIM Card registration process as provided under Regulation 36(a) of the Electronic and Postal Communications (SIM Card Registration) Regulations, 2023.

- 5.6 Further, the explanation provided by the licensee contradicts with the analysis criteria used by the Authority. The analysis based solely on biometrically registered MSISDNS as individual, not defaced as explained by the licensee. Additionally, the possibility of maintaining an active session to register a defaced customer number, while the agent initiates another session to successfully register a different customer number as an individual, is almost impossible.
- 5.7 The Authority recalled on various previous meetings and directives with the Licensee on reinforcing the SIM Card registration process, especially on control mechanism of fraudsters. That, the reinforcement of the SIM Card registration process has been a long time agenda and yet there are still challenges in the internal control mechanism of the Licensee.
- 5.8 The Authority has considered the Government's concerns and efforts in combating fraudulent activities that involve use of improperly registered SIM Cards, the public outcry and complains resulting from the increased fraud through the mobile numbers. Such fraud is a result of the ineffective internal control mechanism on SIM Card registration process, including registration of SIM Cards above the stipulated limit contrary to Regulation 37 of the Electronic and Postal Communication (SIM Card Registration) Regulations, 2023.
- 5.9 Considering that, on several occasions the licensee has been engaged, insisted and urged to ensure compliance to proper compliance to requirements of the Electronic and Postal Communication (SIM Card Registration) Regulations, 2023 and also reminded the licensee of the consequences of non-compliance to such Regulations on the economy and the consumers and the society at large.

6.0 DECISION

NOWHEREFORE, considering gravity of the licensee's non-compliance, their defence submissions and the fact that the Licensee is an experienced operator, well aware of the requirement of Law, Regulations and licence conditions, the Authority, by virtue of Section 114 of the Electronic and Postal Communications Act (Cap 306 R.E. 2022) and Section 48 (3) of the Tanzania Communications Regulatory Authority Act (Cap 172 of Laws of Tanzania), hereby warns **Honora Tanzania PLC** for the non-compliances to the cited Regulations and orders **Honora Tanzania PLC** to:-

- 6.1. pay, within 30 days from the date of this decision, a penalty of **Tanzania Shillings Four Hundred Seventy-Three Million Only (TZS 473,000,000)** for allowing 1,892 National Identity Cards to register 3,398 SIM cards above the limit contrary to Regulation 37 of the Electronic and Postal Communications (SIM Card Registration) Regulations, 2023;
 - 6.2. take measures that will ensure effective and efficient internal SIM Card registration controls, in order to avoid recurrence of the non-compliance and to fully comply with the requirements of Electronic and Postal Communications (SIM Card Registration) Regulations, 2023; and
 - 6.3. submit to the Authority, within 14 days, report detailing the measures taken pursuant to order 6.2.
- 7.0** Should **Honora Tanzania PLC** fail to implement the above orders and commit further SIM card registration malpractices contrary to the requirements of Electronic and Postal Communications (SIM Card Registration) Regulations, 2023, more stringent regulatory actions will be taken against **Honora Tanzania PLC** for the continued non-compliances.



Dr. Jabiri K. Bakari
DIRECTOR GENERAL

The Compliance Order Decision is served upon and received by **Honora Tanzania PLC** on this...12...day of...02.....2024.

Name:ERICA BOHELA.....
 Signature:[Signature].....
 Designation:Receptionist Executive.....

Honora Tanzania PLC.
RECEIVED
12 FEB 2024
 (Official Stamp)
RECEPTION

(This Compliance Order Decision is issued in duplicate. Sign both copies and retain your copy while the other copy is to be returned to the Authority to authenticate due service of the Order.)