



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



Ref. No: EB.32/160/01/107

09th February, 2024

Managing Director,
Viettel Tanzania PLC,
10th Floor, Tanzanite Park, Plot No. 38,
South Ursino, New Bagamoyo Road,
P. O. Box 34716,
14113 DAR ES SALAAM.

DECISION ON COMPLIANCE ORDER

*(Pursuant to the Compliance Order issued to Viettel Tanzania PLC
dated 04th January 2024)*

1.0 INTRODUCTION

- 1.1 Tanzania Communications Regulatory Authority (hereinafter referred to as the "**Authority**") issued to **Viettel 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 Among the licence conditions, the Licensee in providing the licensed services must adhere to 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 SIM Cards.
- 1.4 The Authority conducted investigation from 1st September, 2023 to 19th November, 2023 and discovered that the Licensee has allowed 202 National Identification Numbers (NINs) to register more than the allowed SIM Cards, resulting to registration of 2642 SIM Cards without following the duly established procedures contrary to Regulation 37 of the Electronic and Postal Communications (SIM Card Registration) Regulations, 2023.

- 1.5 On 22nd November, 2023 the Authority directed Viettel Tanzania PLC to provide written explanations on the procedures used to register the alleged 202 SIM Cards referred in paragraph "D" above, while taking into considerations, the requirements under Regulation 37 of the SIM Card Registration Regulations, 2023.
- 1.6 On 27th November, 2023 Viettel Tanzania PLC responded to the Authority's directive by admitting to have used 202 NINs to register more SIM cards than what is allowed contrary to the requirements of Regulation 37 of the SIM Card Registration Regulations, 2023. Further to that, Viettel Tanzania PLC stated that the non-compliance was due to a new fraudulent registration method employed by their agents that enables them to register multiple SIM Cards using the same NIN and fingerprint.

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 02:00 P.M, to show cause as to why regulatory and legal actions should not be taken against the Licensee for breach of regulation 37 of the Electronic and Postal Communications (SIM Card Registration) Regulations of 2023.

3.0 COMPLIANCE ORDER HEARING

In compliance to the order, the Licensee submitted their written defence submission on 19th January, 2024 and appeared for the hearing on 22nd January, 2024 at 02:00 P.M, being represented by Mr. Christopher Masai Regulatory Officer, Mr. Humphrey Mlimbila IT expert, Evode Mapunda Sales Manager and Mr. Abdallah Salum Business Director.

4.0 LICENSEE'S DEFENCE

In their defence, the Licensee's representatives led by Mr. Christopher Masai reiterated what was earlier submitted in their written defence submission. He admitted that the Licensee was non-compliant to the requirement of Regulation 37 of the Electronic and Postal Communications (SIM Cards Registration) Regulations, 2023 and further submitted that the Licensee's failed to comply with such regulation due to the following reasons:-

- 4.1 Fraudulent SIM Card registration by registration agents: The agents employed by the Licensee, in the effort to increase their commission paid for registration and activation of SIM cards, they have been finding ways to circumvent the controls put so as they can register more SIM Cards. That, the agents walking in groups used multiple devices by tricking customers to put their fingerprint in each of the devices and then proceed to activate multiple SIM Cards within the same minute and second and as the result, all the numbers activated are marked as primary numbers, hence failing to trigger the protection mechanisms of the Licensee's system and the Authority's Central SIM Card Registration Information System (CSIS). The Licensee further submitted that, upon identification of such fraudulent activity by the agents, the Licensee took measures including blocking and denying access to their system all agents who involved in the fraud. Quality assurance program was also being conducted by identifying each numbers and their actual possession and all numbers which were registered fraudulently were deactivated. In addition, the Licensee have explored a technical solution on SIM card registration in conjunction with the Authority CSIS integration that allow one session to take place when registering SIM card numbers using NINs. The Licensee further tendered a list of 894 SIM card numbers resulted from fraudulent registration which was admitted as **Annexure 1**.
- 4.2 Numbers already deactivated but not reflected in TCRA CSIS System: The Licensee submitted that a total of 49 National Identification Numbers (NINs) as identified by the Authority have numbers which were deactivated a month or a year but the same have not been reflected in the Authority CSIS records. Some NINs listed have used to register only 1or 2 SIM card in the Licensee records. The Licensee Records was tendered and admitted as **Annexure 2**.
- 4.3 NINs for Representative for Corporate Customers: The Licensee submitted that about 13 NINs are for the appointed representatives of the corporate customers that have procured Machines to Machines and regular SIM card for use in business packages. The detailed of the corporate customers was tendered and admitted as **Annexure 3**.
- 4.4 NIN not having registered customers on Viettel network: The Licensee alleged that some of the NINS identified by the Authority have no identified customers in the Licensee database.

- 4.5 In responding to the Authority question as to why the additional numbers stated to be registered by fraudulent agents were not detected in their fraud detection system, the Licensee responded that the additional numbers could have been detected in the fraud system if involved in fraud activities, otherwise, the system could not detect.
- 4.6 The Licenses when asked by the Authority as why they did not comply to the 30 minutes' delay control mechanism in registration; the Licensee responded that the 30 minutes' delay control mechanism could not serve the purposes to control the fraudulent registration of SIM cards by agents since the activation were conducted simultaneously using multiple devices.
- 4.7 When inquired by Authority as to when they become aware of the anomalies in their SIM Card registration systems; the Licensee responded that they become aware of the fraud SIM Card registration by registration agents after receiving the directives from the Authority.
- 4.8 In his closing submission, the Licensee requested the Authority not to take legal and regulatory actions against them since they have already blocked all the 32 agents who involved in the fraudulent registration and further improvement has been made to their system to minimize such fraud.

5.0 CONSIDERATION OF LICENSEE'S DEFENCE

Having read and heard the Licensee's defence, the Authority had the following observations:-

- 5.1 That, the Licensee admitted to be non-compliant to Regulation 37 of Electronic and Postal Communications (SIM Card Registration) Regulations of 2023, which limits the number of SIM Cards to be registered per subscriber and the procedures to be followed where a subscriber is desirous of registering more than the allowed SIM Cards;
- 5.2 The Authority considered the Licensee's defence submission that, the breach was a result of the Licensee's agents who were eager to maximise their commission paid for registration and activation of SIM cards hence circumvented the controls put so as they can register more SIM Cards. The Authority noted that Licensee relationship with the alleged agents is that of principal-agent relationship to which

the principal is liable for the actions of the agent. Recognising the nature of that relationship, regulation 35 of the Electronic and Postal Communications (Sim Card Registration) Regulations, 2023, requires the Licensee to conduct monthly vetting to their agents to ensure there is compliance to the requirements of SIM Card registration. Furthermore, Regulations 5 (1) of the Electronic and Postal Communications (SIM Card Registration) Regulations, 2023 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. This being the case, the Licensee ought to conduct due diligence to his agents and registration systems and take action against the defaulting agents.

- 5.3 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 while the regulations requires the Licensee to implement internal controls to monitor such fraud emanating from SIM Card registration process. The Authority, finds that if the Licensee had implemented effective and efficient internal control systems, the fraud could have been detected and remedied earlier without causing more impacts.
- 5.4 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.
- 5.5 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

NOWTHEREFORE, 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 **Viettel Tanzania PLC** for the non-compliances to the cited Regulations and orders **Viettel Tanzania PLC:-**

- 6.1. pay, within 30 days from the date of this decision, a penalty of **Tanzania Shillings Fifty Million Five Hundred Thousand Only (TZS 50,500,000)** for allowing 202 National Identity Cards to register 1,632 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 **Viettel 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 **Viettel Tanzania PLC** for the continued non compliances.



Dr. Jabiri K. Bakari
DIRECTOR GENERAL

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

Name:ELIZABETH PROCHES.....
Signature:[Signature].....
Designation:Admin Staff.....



(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.)