

Mobile Number Portability Off to a Slow Start

By [Guennadi Moukine](#)

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A customer browsing in Yevroset. **Maxim Stulov**

The law that allows cell phone customers to change mobile service provider and keep their number went into effect this week, but mobile companies are asking customers to be patient while they iron out the bugs in the process.

The mobile number portability, or MNP, law marks the end of what Dmitry Medvedev, during his stint as president, called "mobile slavery." Subscribers can now take the phone number on which their friends call them and where their banks send transaction notices from an operator with poor network coverage in a particular place to an operator with better coverage. Or, they can switch from a more expensive call plan to a less expensive one with a different company.

Originally the law obliged operators to process number transfers in not more than nine days for individuals and 30 days for business accounts, unless the customer specified otherwise.

However, delays with adopting a "normative base," a set of legal guidelines and responsibilities spelling out the actual process, robbed operators of the necessary time they needed to fully test the system.

MTS, VimpelCom, MegaFon, Tele2 Russia and Rostelecom have all confirmed their readiness for MNP but joined together in begging for extra testing time.

"Because of the insufficient time to test the system and the traditional high traffic during the New Year season and winter holidays, we advise subscribers not to use MNP until such a moment when operators are able to provide quality service for the owners of transferred numbers," said MTS spokesman Dmitry Solodovnikov.

MTS is ready for MNP, but the system's success depends on all market participants, including the MNP database and payment systems of all operators, both mobile and fixed line, he added.

While MegaFon's network is fully prepared for mobile number portability, it is critical that interconnectivity between mobile and fixed networks, payment systems, local and foreign operators is tested properly, said Peter Lidov, public directions director for the operator.

VimpelCom's spokeswoman Anna Aybasheva also said Beeline's system "was ready to take new subscribers and release numbers within the prescribed timeframe."

However, there may be issues with receiving SMS and MMS messages and processing payments, she said, suggesting that customers should wait until mid-January next year before switching to another provider.

These problems are out of Beeline's control, she added.

Konstantin Prokshin, head of Tele2's strategic communications department said Tele2 welcomed MNP, but the "quality and success of MNP service would depend on all participants of the process."

Rostelecom has chosen a supplier to install the necessary equipment on its own and subsidiaries' networks, but extra time is needed to iron out issues related to call routing between operators, said the national operator's spokesman, Valery Kostarev.

The government heard the operators' plea and signed a decree relaxing the MNP deadline requirements from Nov. 29, giving operators up to April 15, 2014 to resolve technical difficulties and bring the service on line.

Operators are still required to accept all MNP requests even if they are not ready, but instead of the original nine days to process the order, they have until April next year to fulfill the request.

The actual date when the MNP will be fully operational will depend on how reliable the system is and what the outcomes of the various tests are, MegaFon's Lidov said.

Such delays may discourage customers from switching to another provider altogether. Research conducted by Carnegie Mellon University earlier this year that surveyed 47 mobile operators in 15 European countries, demonstrated that a longer porting time negatively

correlated with MNP, while a quick switchover increased MNP transactions by 16 percent.

From the customer's perspective, the transfer process is similar to opening a new mobile account, plus a new 100 ruble fee for the mobile number transfer, going toward the maintenance of a central MNP database, which has a list of ported numbers, managed by the Central Science Research Telecommunication Institute, or ZNIIS.

Mobile and fixed line telephone operators are now required to query this database for each mobile phone call that goes through the telecommunications switching equipment to determine if the subscriber has changed providers and route the call accordingly.

Last week Alexei Vasilyev, ZNIIS's spokesman, said that out of 68 mobile operators in Russia only six have tested the system and are able to process MNP transactions in real time.

According to the AC&M statistics for second quarter 2013, MTS has 31 percent market share in Russia, VimpelCom 24 percent; MegaFon 27, percent; Tele2 10 percent; and other operators, 8 percent.

Prior to MNP, MTS and Tele2 lost the smallest number of customers — 7.7 percent and 9.1 percent respectively in the third quarter of 2013, compared to 10.5 percent at MegaFon and 14 percent at VimpelCom.

Timur Nigmatullin, an analyst from Investcafe, said the operators who had the lowest loss rates now would attract the most customers with MNP.

According to an August survey conducted by the research group Romir, about 12 percent of mobile subscribers in Russia — about 28 million people — plan to move their number to a different provider.

Contact the author at g.moukine@imedia.ru

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