

Retail cellular mobile voice market analysis
and
Retail cellular mobile broadband market analysis

Draft v.1

(June 2026)

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Executive summary

Markets reviewed	M1 – Retail cellular mobile broadband M2 – Retail cellular mobile voice
Review period	2022 – 2025
Document version	Draft v.1 (June 2026)
Legal basis	Sri Lanka Telecommunications Act No. 25 of 1991 (as amended 1996, 2024); Competition Rules No. 01 of 2024
Issuing authority	Telecommunication Regulatory Commission of Sri Lanka (TRCSL)

This report presents the results of the Telecommunications Regulatory Commission of Sri Lanka's assessment of the **retail cellular mobile voice market** and the **retail cellular mobile broadband market** in Sri Lanka. The analysis has been carried out in accordance with the Sri Lanka Telecommunications Act No. 25 of 1991, as amended, and the Competition Rules No. 01 of 2024. Its purpose is to define the relevant markets, assess whether they are susceptible to ex ante regulation, determine whether any operator holds significant market power (SMP), identify actual or potential competition problems, and establish proportionate regulatory remedies where necessary.

Sri Lanka's mobile sector is mature, highly penetrated and structurally concentrated. Mobile subscriptions stood at approximately 29.5 million at end-December 2025, corresponding to a population penetration rate of around 135.5%. This high penetration reflects extensive multiple-SIM usage rather than the presence of a fully competitive and unconstrained market. At the same time, the market remains characterised by significant switching barriers, including the absence of mobile number portability, behavioural lock-in linked to primary numbers and digital services, and widespread use of bundled and promotional offers. Following successive consolidation events, the mobile market is now served by three mobile network operators: Dialog Axiata PLC (Dialog), Mobitel (Pvt) Ltd. (Mobitel) and Hutchison Telecommunications Lanka (Pvt) Ltd. (Hutch). Dialog has emerged as the clear market leader, with a materially larger subscriber base, revenue share, spectrum portfolio, network footprint and investment capacity than its competitors.

The report defines **retail cellular mobile voice services** as the provision to end-users of publicly available, two-way, real-time voice communication and traditional text-based messaging services over public mobile networks, using national or international numbering resources. The market includes voice and SMS services supplied on a prepaid or postpaid basis, irrespective of the underlying network technology, and regardless of whether they are offered on a standalone basis or as part of bundled mobile offers. The relevant geographic market is national in scope.

The report also defines a separate **retail cellular mobile broadband market**, covering always-on internet access services delivered to end-users over licensed public mobile networks, including access via smartphones, tablets, dongles and mobile routers. The market is technology-neutral and includes services delivered over 3G, 4G/LTE and 5G networks, whether supplied on a standalone basis or as part of bundled retail offers. The geographic scope of the market is also national.

Both markets satisfy all three criteria: (i) substantial and persistent entry barriers, including spectrum scarcity, sunk infrastructure investment, and licensing requirements; (ii) no tendency towards effective competition, evidenced by market consolidation and stable high concentration; and (iii) insufficiency of ex post competition law alone to address structural market failures.

The SMP assessment finds that **Dialog holds significant market power in both the retail cellular mobile voice market and the retail cellular mobile broadband market**. This conclusion is based on the cumulative assessment of market shares, infrastructure control, spectrum holdings, coverage, economies of scale and scope, financial strength, vertical integration, product diversification, and barriers to entry and expansion. In the retail mobile voice market, Dialog accounted for 62.1% of subscribers and 66.7% of revenues at end-September 2025. In the retail mobile broadband market, Dialog accounted for 62.7% of subscribers and 67.6% of revenues over the same period. These figures indicate sustained volume leadership, a strong revenue position, and a greater capacity to monetise its subscriber base than competing operators. The cumulative assessment indicates that Dialog has the ability and incentive to behave, to an appreciable extent, independently of competitors, customers and ultimately consumers.

The market analysis identified a number of persistent competition concerns in Sri Lanka’s retail mobile voice and mobile broadband markets. The main concern is that Dialog, as the operator found to hold SMP, may be able to leverage its strong position across mobile, fixed and enterprise services in ways that weaken effective retail competition. In particular, concerns have been raised regarding the risk of cross-subsidisation, the limited practical enforcement of accounting separation, and the absence of sufficiently verifiable cost justification for its retail offers. These risks are amplified by Dialog’s vertical integration and affiliate relationships. The existing symmetric tariff approval framework applies to all operators, but it does not fully address these structural asymmetries and may, in practice, limit the commercial flexibility of smaller operators. The absence of mobile number portability increases switching costs and further reinforces incumbency advantages.

In this context, TRCSL considers the following targeted retail remedies as proportional and justified:

For the retail mobile voice market:

- i) **retail tariff filing** and prior approval for the SMP only, while non-SMP operators would benefit from tariff forbearance;
- ii) **cost-orientation supported by cost accounting**, to ensure that tariffs, discounts and bundles are objectively justified and not predatory or exclusionary; and
- iii) **accounting separation and internal transfer pricing rules**, to address cross-subsidisation, internal transfers, and undue preference involving affiliates.

Remedy	Purpose and scope
Retail tariff filing and prior approval (SMP only)	Active ex ante tariff approval is retained for Dialog. Non-SMP operators are deregulated through formal forbearance, increasing challenger commercial flexibility.

Remedy	Purpose and scope
Cost-orientation and cost accounting	Dialog's retail voice tariffs must remain anchored to efficient underlying costs. TRCSL will develop cost models which can derive the unit cost of retail and wholesale services for the SMP operator. This requirement will no longer apply to non-SMP operators.
Accounting separation and internal transfer pricing	Dialog must maintain sufficiently distinct regulatory accounts for retail voice, retail broadband, other licensed services, and affiliate transactions. Pre-existing licence obligations (paragraphs 18–21 of mobile system licence) are to be actively enforced with detailed methodologies developed by TRCSL. Non-SMP MNOs will remain subject to the separate-accounting obligations set out in their respective licence conditions, but the more detailed accounting-separation methodology would apply specifically to the SMP operator.

For the **retail mobile broadband market**, the same core remedies apply, supplemented by **transparency obligations for data bundles, fair usage policies (FUPs) and throttling, non-discrimination in relation to zero-rating and traffic management**.

Remedy	Purpose and scope
Retail tariff filing and prior approval; cost-orientation and cost accounting; accounting separations and internal transfer pricing (proportionate)	Remedies apply proportionally to retail mobile broadband services.
Transparency obligations for data bundles, FUPs, and throttling	Dialog must present key commercial and technical conditions of broadband offers in a standardised, comparable format at tariff filing and point of sale. Aligned with Broadband QoS Standard Rules No. 01 of 2025.
Non-discrimination for zero-rating and traffic management	Dialog must not apply differential data charging, traffic prioritisation, or throttling in favour of its own or affiliated digital services or applications unless objectively justified. Enforced under section 9A of the Act and paragraph 21.1 of the mobile system licence.

The retail remedies are intended to be transitional and proportionate. Consistent with the wholesale-first logic of the Competition Rules, the report recognises that where retail markets are not effectively competitive, the Commission should proceed to identify and assess corresponding wholesale markets. Wholesale-level intervention may be more appropriate and durable where competition problems originate from upstream bottlenecks. Accordingly, the retail remedies should be reviewed periodically and withdrawn or adjusted where wholesale regulation and market developments become sufficient to ensure effective competition.

I. Introduction

This report presents the results of a market analysis of retail cellular mobile voice and retail cellular mobile broadband markets in Sri Lanka. The objective of the analysis is to assess the state of competition, identify potential structural bottlenecks, and determine whether ex-ante regulatory intervention is warranted in accordance with the applicable legal and regulatory framework.

Market definition and the assessment of SMP are necessary and important steps toward ensuring fair competition and the protection of consumer interests. These processes form the foundation of economic regulation, allowing regulators and competition authorities to identify markets where operators may hold market power, and have an incentive and ability to affect competition. By addressing potential market failures proactively through economic regulation (remedies), regulators can facilitate and promote competition, with a view to furthering consumers' interest.

The findings of this report will inform the TRCSL decisions on market designation, the identification of operators with significant market power, and the imposition, maintenance, or withdrawal of regulatory obligations. The review is intended to promote effective competition, encourage efficient investment in network infrastructure, and safeguard consumer interests in Sri Lanka's telecommunications sector.

In accordance with Competition Rules, 2024, the TRCSL begins the market analysis process by publishing a notice on its official website on 09.06.2025 and initiating the gathering of data. The market analysis period and the data collected from the operators consist of the period from 2022 to 2025. In conducting the market analysis, the TRCSL relies on information submitted specifically for the purposes of this review, as well as on information provided to the TRCSL on a regular or ad hoc basis under existing regulatory obligations, together with any other information relevant to the assessment of the markets concerned.

II. Current regulatory and legal framework

Telecommunications sector and its regulation in Sri Lanka are governed primarily by the following instruments:

Sri Lanka Telecommunications Act No.25 of 1991 (as amended in 1996 and 2024). Section 4(c) establishes that one of the core objectives of the Telecommunication Regulatory Commission of Sri Lanka is to maintain and promote effective competition among persons engaged in commercial activities connected with telecommunications, and to foster efficiency and economy in the sector. To achieve these objectives, the Act empowers the TRCSL to:

- (wa) carry out market analyses of telecommunication services to assess market dynamics and the level of competition;
- (wb) intervene to prevent the emergence or abuse of significant market power (SMP); and
- (wc) take regulatory measures to promote fair competition and eliminate anti-competitive practices.

In addition, Section 6A sets out TRCSL's authority and obligations with respect to approving or determining tariffs, which must comply with non-discriminatory and cost-oriented principles. 6A (4) foresees TRCSL's

right to forbear any tariff of any service in the whole or part of such tariff, subject to such conditions or without conditions.

Competition Rules No. 01 of 2024 establish the sector-specific competition framework for Sri Lanka's telecommunications market and provide the legal basis for conducting market analyses and imposing ex ante regulatory obligations where necessary. The rules outline the procedures for market analysis and the identification of relevant markets and empower TRCSL to impose proportionate remedies where effective competition is lacking. In addition, Annex 1 of the rules specifies the initial set of markets to be assessed by the TRCSL. Among the retail markets identified for analysis are **retail cellular mobile voice** (hereinafter – mobile voice) and **retail cellular mobile broadband** (hereinafter – mobile broadband) markets.

Licensing Conditions. As per Sri Lanka Telecommunication Act no person is authorized to operate telecommunication system or engage in providing infrastructure services, telecommunications services or cable landing station facilities in Sri Lanka without a licence. Licence conditions set out the terms and conditions subject to which the licence is being granted. Issued licenses explicitly prohibit cross-provisioning of services: a mobile license does not authorize the provision of fixed telecommunication services, and a fixed license does not authorize the provision of mobile services. Under Part V (Commercial Obligations), paragraph 19 requires licensed operators to lodge notices of tariffs with the TRCSL and to provide the specified services in accordance with the charges, terms, and conditions approved by the TRCSL. Operators shall not deviate from approved tariffs without obtaining prior written approval from the TRCSL. Furthermore, paragraph 20 obliges operators to maintain separate accounts for licensed and non-licensed activities.

Subsidiary legislation, i.e TRCSL's regulations, rules and guidelines. In particular:

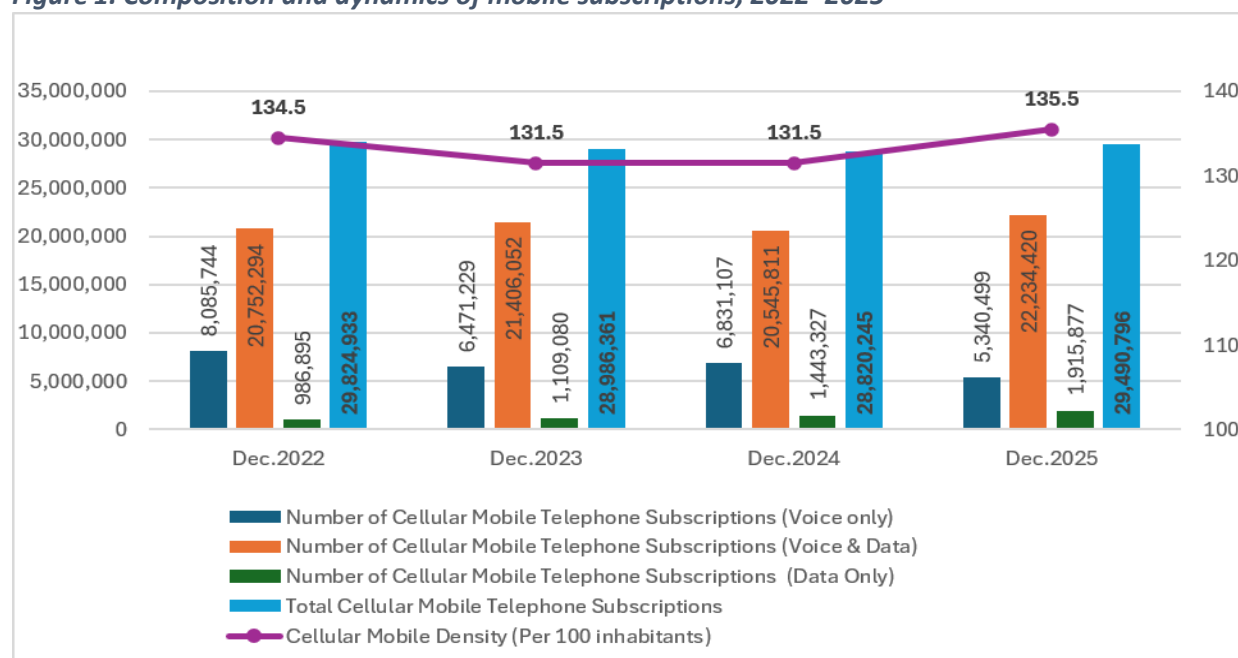
1. Telecommunications Infrastructure Sharing Regulations No 1, 2024;
2. Subscriber SIM Cards (Subscriber Identification Modules - SIM) regulations No. 01 of 2019;
3. Interconnection Rules of 2003
4. TRCSL Interconnection Determinations March 2010 and April 2022;
5. Broadband Quality of Service (QoS) Standard Rules No. 01 of 2025.

III. Overview of telecommunications market in Sri Lanka

According to the data of TRCSL, there were 29.491 million mobile subscriptions in Sri Lanka at the end of December 2025, representing a modest increase compared with 31 December 2024 (28.820 million). Having surpassed the 100% penetration mark nearly a decade ago, population penetration stood at 135.5% as of December 2025 and remained stable throughout the review period, indicating that the market has reached a mature and structurally saturated stage. The high level of mobile penetration is largely attributable to multiple-SIM usage, whereby consumers maintain subscriptions with more than one operator in order to manage coverage quality, pricing differentials, and service availability. This pattern is reinforced by the absence of mobile number portability, which increases switching costs and reduces incentives for users to consolidate subscriptions with a single provider. As a result, consumers often retain multiple active SIMs rather than fully switching operators, contributing to high subscription counts in a market.

The decline in subscriptions (**Figure 1**) across nearly all categories observed in 2023 is understood to be partly a consequence of the country's broader economic crisis. Sri Lanka's economy entered a downturn in 2022, marked by frequent power disruptions, and shortages of fuel, raw materials, and foreign currency. These conditions depressed household and business spending, contributing to reduced demand for telecommunication services during that period.

Figure 1. Composition and dynamics of mobile subscriptions, 2022–2025



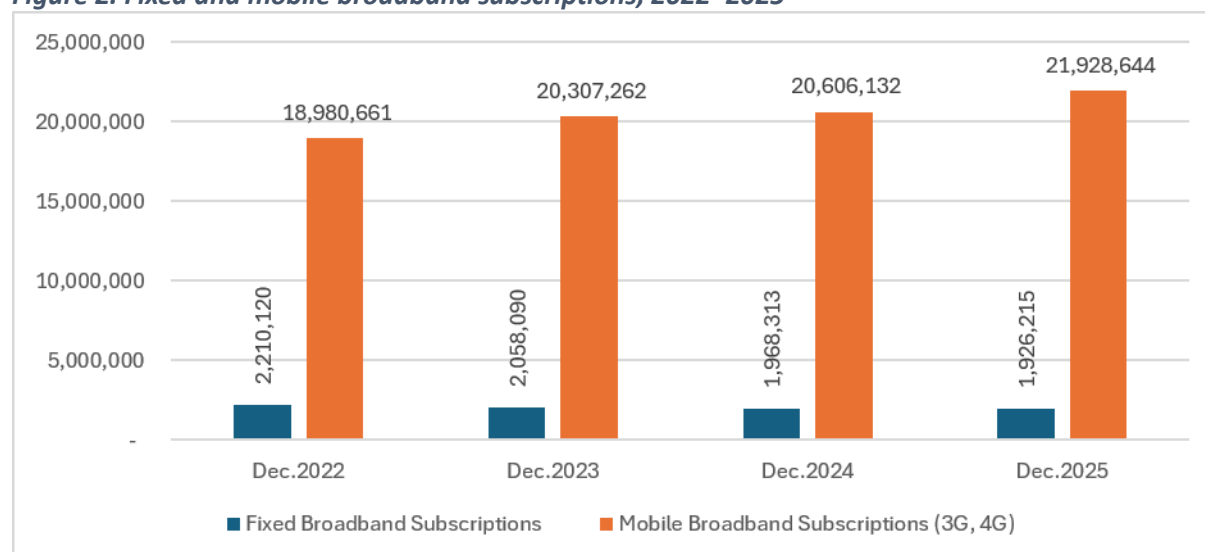
A continued increase in mobile data-only subscriptions can be observed over recent years, with the number of data-only subscriptions almost doubling over the review period, whereas voice-only subscriptions declined in 2023 and subsequently stabilised at approximately 6.9 million (*Note: in June 2025, 6,985,868 voice-only subscribers were recorded. In September 2025, following Dialog's post-merger data classification adjustments, the reported number decreased to 5,731,302. This change is considered by the Commission to be a one-off statistical reclassification and does not affect the underlying market trend*). However, data-only subscribers still represent a small proportion of the total subscriber base (6.5% as of December 2025). During the review period, around 25% of subscribers used voice-only services. This indicates that one quarter of mobile users continue to rely exclusively on voice and messaging services, while nearly 30% of the population (6.3 million devices in December 2025¹) still uses 2G-based devices. Taken together, these factors suggest that voice and data remain distinct services for a material share of the population.

According to TRCSL data, by the end of December 2025 there were 21.927 million mobile broadband subscriptions and 1.926 million fixed broadband subscriptions, representing an approximate 92/8 split between mobile and fixed broadband. Over the review period, an increase in mobile broadband

¹[Telecom Statistics of Sri Lanka Q4 2025 – TRCSL](#)

subscriptions can be observed, while the number of fixed broadband subscriptions declined gradually, indicating a lack of sustained growth in the fixed segment (**Figure 2**).

Figure 2. Fixed and mobile broadband subscriptions, 2022–2025



The structure of Sri Lanka’s mobile market has evolved through a series of consolidation events over the past decade. In November 2018, the number of mobile network operators reduced from five to four following the merger of Etisalat Lanka (Pvt) Ltd. with Hutch.

Further consolidation occurred in June 2024, when Bharti Airtel Lanka (Pvt) Ltd. (Airtel), the local subsidiary of India’s Bharti Airtel, was acquired by Dialog. Following regulatory approval and the completion of the transaction, Airtel was legally merged into Dialog with effect from 1 September 2024, ceasing to exist as a separate corporate entity on 30 August 2024, although both brands continued to be used in the market.

This acquisition was preceded by legal challenges initiated in June 2023 by Mobitel, which argued that the merger would lead to excessive spectrum concentration and reduce competition. Mobitel contended that Sri Lankan law would require certain licences and frequency assignments to cease or be returned for redistribution if the merger proceeded. In addition to the legal challenge initiated by Mobitel, Hutch also raised objections to the transaction on competition and spectrum-allocation grounds. In early 2024, an industry-level settlement was reached among the principal mobile operators, allowing the merger process to proceed.

As a result of these consolidation processes, by end-2025 the Sri Lankan mobile market was served by three mobile network operators: Dialog, Mobitel, and Hutch. Dialog emerged as the clear market leader, with a market share of 62% (by subscribers) at end-September 2025, compared with 51.4% in Q2 2024 immediately prior to the Airtel acquisition. Mobitel accounted for 24.6% of mobile subscriptions at end-September 2025, while Hutch’s market share stood at 13.4% at end-September 2025.

All three operators provide nationwide 2G and 4G/LTE services, with 3G networks largely maintained for legacy and transitional purposes. Dialog and Mobitel have launched commercial 5G services, following the

completion of the national 5G spectrum auction and licence awards in 2025, with deployment currently focused on selected areas. Both operators have acquired mid-band 3.5 GHz spectrum, while Dialog has additionally secured 27 GHz mmWave spectrum to support higher-capacity deployments and enterprise use cases. The transition to 5G reflects the sector's evolution towards next-generation mobile broadband, with further expansion expected over time. In parallel, Dialog has expanded its service portfolio through a satellite broadband partnership with Starlink², complementing its existing Thuraya satellite services.

Sri Lanka's fixed market is currently served by two main telecom operators: Sri Lanka Telecom PLC (SLT), which began offering services under the unified SLT-Mobitel brand following its integration with Mobitel in 2021 and Dialog Broadband Networks (Pvt) Ltd. (DBN), the fixed-line and broadband division of Dialog. A third operator, the locally owned Lanka Bell (Pvt) Ltd., ceased operations in March 2024 due to sustained financial distress and intensified competitive pressures. Its exit resulted in service discontinuation, with customers advised migrating to Mobitel or Dialog where network availability permitted. By late 2025, fixed operators were deploying a mix of xDSL, FTTx, and TD-LTE technologies. DBN accounted for 54.7% of total fixed subscriptions at end-December 2025, while SLT held the remaining 45.3% market share.

Lanka Communications Services (Pvt) Ltd. is also licensed as a data communications operator and is authorized to provide data communications services. The operator is authorized to construct, operate, and maintain a radio transmission system, but is not permitted to establish wireline, cable, or optical fiber connectivity for subscriber access. Such links must be obtained from licensed operators.³ This means that Lanka Communications Services can only offer FWA-based services, while for other access technologies it is fully dependent on wholesale access products and providers. The company provides data communications services to a limited number of corporate clients only.

In 2025, following the grant of the relevant operating license, Starlink Lanka (Private) Ltd. (Starlink) commenced commercial broadband operations in Sri Lanka, introducing a new competitive constraint. The service, based on low-Earth-orbit (LEO) satellite technology, was launched in July 2025 after TRCSL issued an operating licence in August 2024. Starlink provides nationwide coverage and offers retail packages targeted at households with different usage requirements. Its subscription base amounted to XX subscribers at the end of December 2025 and increased further to XX subscribers by the first quarter of 2026.

Starlink's market entry has given rise to regulatory and competitive concerns, particularly in relation to licensing obligations. Starlink has been authorised to provide services under a Section 17B licence issued pursuant to the Sri Lanka Telecommunications Act.

In addition, it should be noted that in early 2026, one of the licensed cable TV operators (City Cable Links (Pvt) Ltd.) commenced offering fixed broadband services, as permitted under its license conditions. However, cable TV operators do not have the right to establish their own telecommunications transmission links other than those connecting their systems to other licensed data communications networks.⁴ These

² [Starlink for Business - Dialog Enterprise](#)

³ [LankaCommunicationServicesDataComLicense_20110704.pdf](#)

⁴ [city_20240920084727.pdf](#)

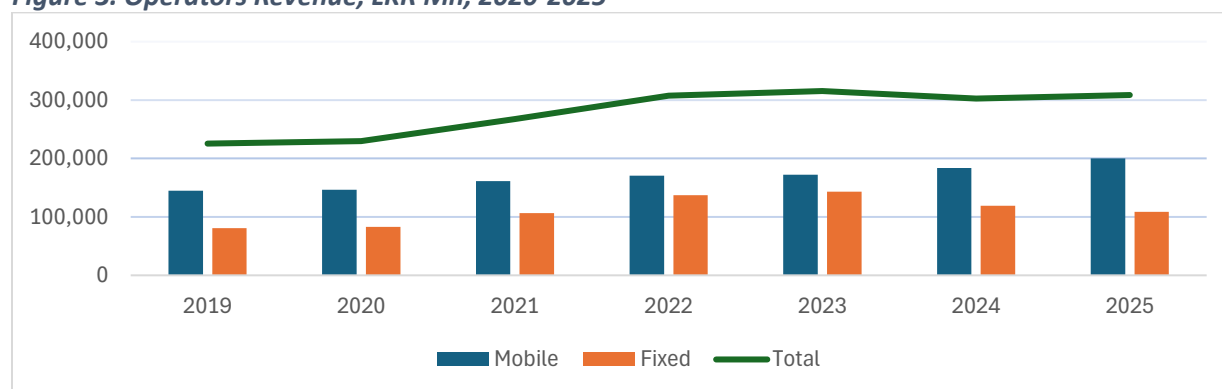
links must be obtained from licensed operators, limiting the extent to which cable operators can exercise independent infrastructure-based competition.

The overall industry revenue (fixed and mobile) recorded a marginal decline, decreasing from LKR 315.5 billion in 2023 to LKR 302.8 billion in 2024, reflecting a 4% year-on-year decrease. This decline was mainly driven by a reduction in fixed-sector revenues, closely linked to the closure of Lanka Bell. In contrast, the mobile segment demonstrated positive growth, with revenue increasing by 6.6% compared to the previous year, highlighting the continued demand and resilience of mobile services within the sector. In 2025, total industry revenue recovered slightly to LKR 308.4 billion, supported by continued mobile revenue growth to LKR 199.9 billion, although fixed-sector revenue declined further to LKR 108.5 billion. This indicates that overall sector performance is increasingly supported by growth in the mobile segment, while the fixed segment remains on a declining trajectory.

Table 1. Operators Revenue, 2020-2025

Industry	2020 (Rs. Mn)	2021 (Rs. Mn)	2022 (Rs. Mn)	2023 (Rs. Mn)	2024 (Rs. Mn)	2025 (Rs. Mn)
Mobile	146,512	161,092	170,516	172,368	183,841	199,949
Fixed	83,059	106,508	137,157	143,184	119,000	108,484
Total	229,571	267,600	307,673	315,552	302,841	308,433

Figure 3. Operators Revenue, LKR Mn, 2020-2025



Capital investments⁵ by mobile and fixed access operators in Sri Lanka between 2019 and 2024 exhibit a cyclical pattern, influenced by sector-specific developments and the broader macroeconomic downturn in 2022. Total industry investment peaked in 2022 at LKR 155 billion, before declining to LKR 131 billion in 2023 and LKR 126.8 billion in 2024.

The decline after 2022 reflects different trends across the mobile and fixed segments. Mobile investment fell from LKR 90.2 billion in 2022 to LKR 64.0 billion in 2023, following an investment-intensive phase, but recovered strongly to LKR 85.0 billion in 2024. By contrast, fixed-sector investment remained relatively

⁵ These investments comprise additions to property, plant and equipment, intangible assets, and work-in-progress

resilient in 2023, increasing slightly to LKR 67.3 billion, but declined significantly in 2024 to LKR 41.9 billion. This suggests that, while overall capital expenditure remained below its 2022 peak, investment momentum in 2024 was increasingly driven by the mobile segment, whereas fixed-network investment weakened considerably.

Table 2. Investments in Telecommunications Industry

Year	2019 (Rs. Mn.)	2020 (Rs. Mn.)	2021 (Rs. Mn.)	2022 (Rs. Mn.)	2023 (Rs. Mn.)	2024 (Rs. Mn.)
Mobile	49,452	39,824	56,984	90,161	63,958	84,964
Fixed	44,426	24,699	53,508	65,229	67,311	41,872
Total	93,878	64,523	110,492	155,390	131,269	126,836

Conclusions: The overall trends in the mobile and fixed telecommunications market in Sri Lanka could be summarized as follows:

- The Sri Lankan mobile market is highly penetrated and structurally saturated, with population penetration stable at around 135.5% as of December 2025.
- High penetration levels are driven primarily by multiple-SIM usage.
- Data-only subscriptions are increasing, but remain a small share of the subscriber base (6.5%), while around 25% of users rely exclusively on voice services; bundled subscriptions remain the most common choice.
- A significant proportion of the population continues to use 2G devices, indicating limited substitutability between voice and data for a material segment of users.
- Broadband access is predominantly mobile-based, with the fixed broadband segment showing signs of stagnation and gradual decline.
- Market consolidation has resulted in a highly concentrated structure, with three mobile operators and two main fixed operators, and competitive dynamics increasingly centred on pricing, customer retention, and bundled offers.
- The affiliation of DBN with Dialog and SLT with Mobitel indicates that Sri Lanka's market is effectively concentrated at the level of two vertically integrated groups.

IV. Analysis of relevant retail mobile markets

As defined by the Competition Rules, 2024, following the initiation of a market analysis process, through the publication of a notice on its official website and the commencement of data collection, the TRCSL begins the assessment by defining the relevant markets. This involves, first, the identification of the relevant product markets, followed by the determination of their geographic scope. The defined markets are then assessed against the three-criteria test to determine whether they are susceptible to ex ante regulation. Where a market is found to be susceptible to ex ante regulation, the TRCSL proceeds with a market analysis, examining the effectiveness of competition, determining whether any operator holds significant market power (SMP), and identifying potential competition problems arising from such market power. Finally, where SMP is established, the TRCSL proceeds to the selection of appropriate regulatory remedies designed to address the identified competition concerns.

The TRCSL is required to conduct a forward-looking analysis, taking into account current market conditions, reasonably foreseeable developments, and the impact of other forms of regulation over a typical review period of three to five years.

Annex 1 of the Competition Rules sets out a list of pre-defined relevant product and service markets within the Sri Lankan telecommunications sector that are considered susceptible to ex ante regulation. The regulator is required to periodically review these markets. Where the TRCSL determines that an operator holds significant market power (SMP) in any of the identified markets, it may impose appropriate regulatory obligations on that operator in order to address identified or potential market failures.

For the purposes of this report, the relevant markets under consideration are:

M1 –Retail cellular mobile broadband market; and

M2 – Retail cellular mobile voice market.

V. Market definition of the retail cellular mobile voice market

The initial stage of the market analysis consists of identifying the focal product, defined as the product most widely used within the relevant group of services.⁶ This focal product serves as the reference point for assessing competitive constraints. Once the focal product has been identified, the TRCSL examines the availability of close substitutes, namely products to which consumers can readily switch and which therefore exert immediate competitive pressure on the supplier of the focal product. Both the focal product and its close substitutes are included within the relevant product market, as they are considered to belong to the same market.

A relevant product market comprises all products and/or services that are regarded as interchangeable or substitutable by consumers, by reason of their characteristics, prices, and intended use.

5.1. Product market definition – mobile voice (M2)

Mobile network operators (Dialog, Mobitel, and Hutch) in Sri Lanka currently provide a range of retail services. Historically, end-users accessed mobile networks primarily to make and receive voice calls and to send text messages. With the introduction and expansion of mobile data services, users have increasingly accessed mobile networks for internet connectivity and data-based applications. Retail offers in the mobile market may broadly be categorized as follows:

- Voice only services;
- Bundles of voice and data; and
- Data-only services.

In the retail mobile market, voice services are always provided together with text messaging services (SMS). Where a data subscription is offered, it commonly includes access to voice and SMS services, although data-only subscriptions are also available. In the Sri Lankan retail mobile market, many tariff

⁶ Competition rules, 2024, para 7.5

plans and promotional offers are exclusively linked to specific Over-the-top (OTT) applications or categories of applications, defining the particular social media, messaging, or other applications for which the included data allowance may be used. Add-on options are available where customers require additional data allowances or access to further OTT applications.

The bundling of voice, SMS, and data services is facilitated by the technical capability of mobile networks to carry multiple types of traffic over the same infrastructure. From the supply side, bundling can reduce production, distribution, and transaction costs for operators. From the demand side, the widespread use of bundled offers suggests that end-users typically consume these services jointly and perceive them as complementary in practice, even where partial substitution may occur in certain usage contexts. (See further discussion in the demand-side and supply-side substitutability assessment below).

With regard to customer segmentation, individual users and corporate clients typically purchase the same types of services, namely access to the internet, voice calls, and text messaging, and are generally offered the same retail tariffs by mobile operators, irrespective of whether the subscription is registered in the name of a private individual or a business. Distinctions arise mainly in relation to large corporate customers, for whom operators tend to design bespoke service packages and contractual arrangements. Typically, in the case of businesses with larger and more complex needs, the final outcome will be a negotiated and highly customized solution using service-level agreements governing the required performance standards to be met by the telecommunications operator. In the Sri Lanka market, there is a relatively low level of mobile service differentiation between offers to individual users and business users.

Mobile services offered to individuals, on the other hand, are more standardized regarding their characteristics and price. The prices and services therefore have the characteristics of mass-market services. Consumers can make a choice of mobile service packages in terms of data, voice and text messaging subscriptions to suit their own usage needs (typically call and messaging volumes, required data speeds and volumes of data usage).

Table 3. Breakdown of mobile subscribers by category

	2024 (end of year)		2025 (end September)	
Individual subscribers (Active within last three month)	27,471,124	95.3%	27,864,299	95.2% of total number of subscribers
<i>Pre-paid</i>	26,156,055	95.2%	26,555,995	95.3% of all individual subscribers
<i>Post-paid</i>	1,315,069	4.8%	1,308,304	4.7% of all individual subscribers
Corporate subscribers (Active within last three month)	1,349,121	4.7%	1,402,416	4.8% of total number of subscribers

Individual subscribers account for more than 95% of total mobile subscriptions across the market. Among the operators, Mobitel has the highest proportion of business subscriptions, representing approximately 9.2% of its total subscriber base, while Hutch records the lowest share, at around 0.3%. Based on the

information provided, similar proportions appear to apply to both total revenues and the volume of originated calls and SMSs. This suggests that, although the business segment is relevant, it represents only a limited proportion of overall activity.

The vast majority of mobile consumers use a pre-paid subscription, whereby the user pays an amount defined by a pre-paid tariff plan or chooses to “top-up” their SIM card using this balance until it runs out before topping-up again. Approximately 95% of individual users in Sri Lanka currently use pre-payment. The remaining 5% of users subscribe to post-paid services, which usually involve a monthly contract with the mobile operator. Under this arrangement, the operator issues a bill at the end of each billing cycle, with charges reflecting the user’s actual usage during the month. Where prepaid or postpaid plans include usage limits—such as caps on data volumes, voice minutes, or text messages—once the bundled allowance is exhausted, usage is typically subject to speed throttling (soft cap). Users may purchase additional top-ups or add-on packages if higher speeds or additional volume are required, or alternatively wait until the allowance resets at the start of the next validity period or billing cycle. Postpaid subscriptions are more commonly used by corporate and business users.

In line with established regulatory practice, this analysis does not distinguish between individual and corporate subscribers, nor between pre-paid and post-paid subscriptions, as separate segments of the retail mobile voice market. This is because these segments are supplied with largely identical services, rely on overlapping tariff structures, and are subject to similar competitive constraints. Accordingly, retail mobile voice services are assessed as a single relevant product market.

Following this, in the case of mobile voice, the TRCSL identifies the following focal product:

Retail mobile voice services, which comprise the provision to end-users of publicly available, two-way, real-time voice communication and traditional text-based messaging services (SMS) over public mobile telecommunications networks, using national or international numbering resources.

Retail mobile voice services include voice and SMS services supplied on both a pre-paid and post-paid basis, irrespective of the underlying network technology, and regardless of whether they are offered on a standalone basis or as part of bundled retail mobile offerings.

*The **relevant product market for retail mobile voice services** is therefore defined as comprising the provision to end-users of the following services:*

- *Making outgoing voice calls to geographic and non-geographic numbers of all service providers within Sri Lanka;*
- *Making outgoing voice calls to emergency and special service numbers;*
- *Making outgoing international voice calls;*
- *Receiving incoming voice calls from any domestic or international origin;*
- *Access to international roaming voice services; and*
- *Sending and receiving traditional text-based messages (SMS).*

5.2. Demand-side substitutability

Demand-side substitutability assesses the extent to which users would be willing and able to switch to an alternative product or service in response to a small but significant price increase. In this section, the boundaries of the retail mobile voice services market will be defined by determining all substitute services that form part of the market. Key potential substitutes:

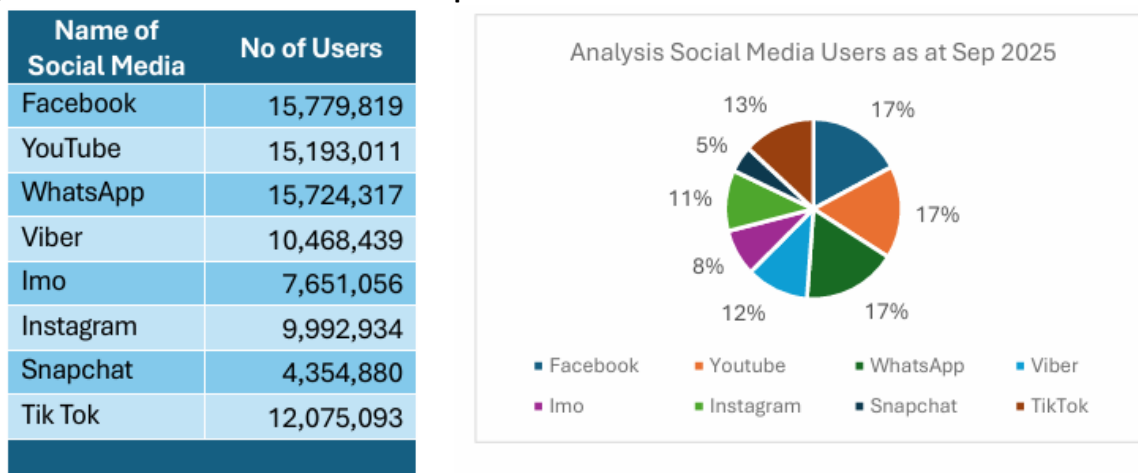
➤ **Over-the-top (OTT) voice services and Mobile broadband/data services**

Over-the-top (OTT) voice services, such as internet-based voice and messaging applications, constitute a potential substitute for traditional mobile voice services, as they enable users to make voice calls and send messages using mobile broadband or other internet access rather than circuit-switched mobile voice. From a functional perspective, OTT voice services allow end-users to communicate in real time using smartphones or other connected devices and may reduce the volume of traditional voice calls and messages. The substitutability between OTT voice services and traditional mobile voice services is facilitated by the widespread availability of mobile broadband networks and the increasing penetration of smartphones, which enable end-users to access OTT applications using data subscriptions. For certain user groups, particularly urban users and frequent data users, OTT services can exert competitive pressure on mobile voice pricing and usage by providing low-cost or zero-rated alternatives for voice and messaging.

In Sri Lanka, the number of OTT users continues to grow.

Figure 4 presents the number of users of selected social media and OTT platforms as of end-September 2025. It should be noted that these figures are not cumulative, as a single user is likely to use multiple OTT applications concurrently. WhatsApp is the most widely used messaging and voice-enabled OTT platform in Sri Lanka, with user reach estimated at 15.7 million users, corresponding to approximately 71.6% of the population or 54% of total mobile subscribers, according to TRCSL data.

Figure 4. OTT services users as of 30th Sept 2025



Despite this functional overlap, several **demand-side constraints** limit the extent to which OTT voice services can substitute for traditional mobile voice services.

1. **Device and connectivity constraints.** OTT voice services generally require active data connectivity, a smartphone or data-capable device, and the use of the same or compatible applications by both communicating parties. Traditional mobile voice services, by contrast, offer universal reachability, full interoperability across networks and devices, and do not depend on the availability of data connectivity.

Statistics available to the TRCSL indicate that 24.9% of end-user devices in Sri Lanka are basic or feature phones, corresponding to approximately 29.2% of the population⁷ using handsets designed primarily for core telephony functions rather than full internet-based smartphone use (**Table 4**). Users of basic or feature phones are therefore unable to switch to OTT voice services in response to a price increase in traditional mobile voice, as OTT services typically require smartphones and active data connectivity.

This demonstrates that a significant share of end-users lacks access to data-capable devices, which materially constrains demand-side substitutability between traditional mobile voice services and OTT voice services. This is further reflected in subscription data: in June 2025, there were approximately 6.9 million mobile voice-only subscribers, declining to around 5.7 million by September 2025 (due to Dialog’s post-merger data classification adjustments), indicating that a substantial segment of users continues to rely exclusively on traditional voice services.

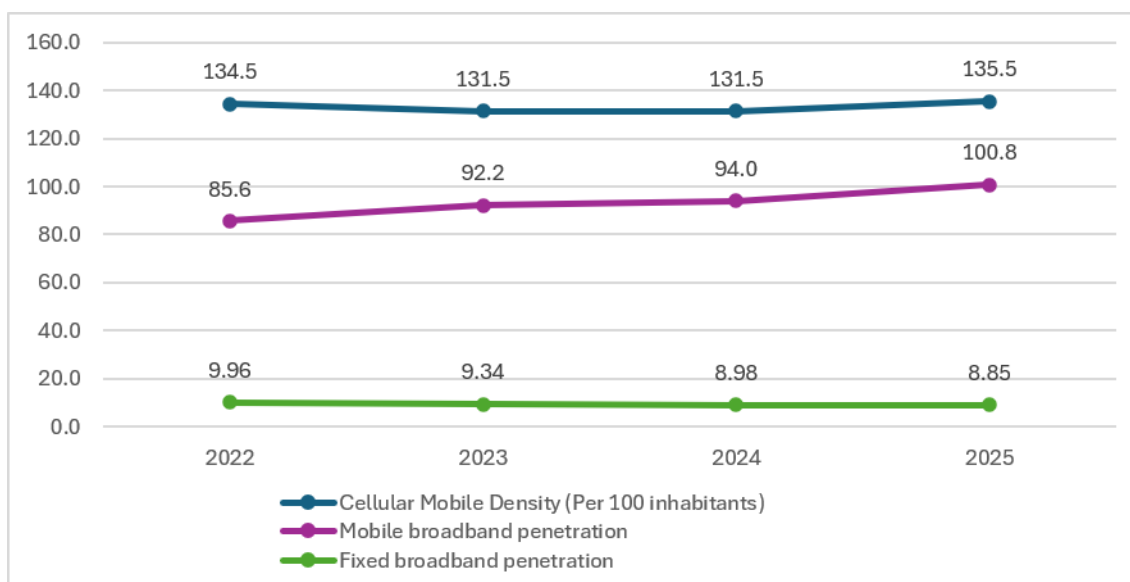
Table 4. End equipment as of 30th Sept 2025

Customer End Equipment	No of Equipment	%
Basic / Feature Phones	6,484,326	24.9
Smart Phones / Tab	18,163,229	69.6
Dongles / Routers	412,751	1.6
Others	1,038,346	3.9
Total	26,098,652	100

Although mobile broadband subscriptions per 100 inhabitants reached 100% in 2025, this figure reflects potential rather than actual usage (**Figure 5**). It denotes subscription-level access to broadband-capable mobile networks (3G, 4G or 5G), rather than effective mobile internet usage by end-users. Devices connected to mobile broadband-capable networks do not necessarily use data in practice—for example, some subscription plans may include access only to voice and SMS services. Accordingly, mobile broadband subscription figures should not be treated as a proxy for mobile internet usage, but rather as an indicator of data-capable connections that may support OTT services, although not all do so.

Figure 5. Mobile, mobile broadband and fixed broadband penetration, 2020-2025

⁷ Operators reiterated, based on internal assessments, that around 30% of the population continues to use 2G devices.



Available information on actual internet usage indicates a significantly lower level of adoption than broadband subscriptions. The latest available Datareportal data⁸ shows that there were approximately 13.9 million internet users in Sri Lanka in October 2025 (regardless of access technology), corresponding to around 63.5% of the total population⁹. This implies that only this proportion of the population could potentially access OTT-based services. In addition, the same source indicates that 64.8% of internet users (approximately 8.6 million individuals), used at least one social media platform during the same period. However, it should be noted that not all social media platforms offer voice and messaging functionalities that are comparable to traditional mobile voice or SMS, and usage of social media should therefore not be equated with effective access to OTT voice services.

Although differences in estimation methodologies exist and these numbers should be interpreted as indicative rather than proxy measures, they nonetheless demonstrate that a material share of the population (at least one fifth) either lacks access to, or do not choose to use data-enabled devices or data-centric service bundles. Moreover, even among internet and social media users, a portion of end-users may rely on platforms that do not support real-time voice communication or interoperable messaging¹⁰. As a result, a significant segment of the population is unable or unwilling to rely on OTT voice and messaging services as a functional alternative to traditional mobile voice services. This indicates that voice and data remain distinct services for a material share of end-users in Sri Lanka.

In addition, in the Sri Lankan retail mobile market, many tariff plans and promotional offers are exclusively linked to specific OTT applications or categories of applications, defining the particular

⁸ [Digital 2026: Sri Lanka — DataReportal — Global Digital Insights](#)

⁹ Datareportal figure is treated as indicative third-party data alongside official ITU statistics. ITU data indicates 54.6% in 2024 ([ITU](#))

¹⁰ A distinction may be drawn between OTT services that enable direct, interactive and real-time interpersonal communication, including voice and/or messaging (such as WhatsApp, Viber and Messenger) and online platforms whose primary function is content sharing, broadcasting, or asynchronous interaction (such as Facebook, Instagram, TikTok and YouTube).

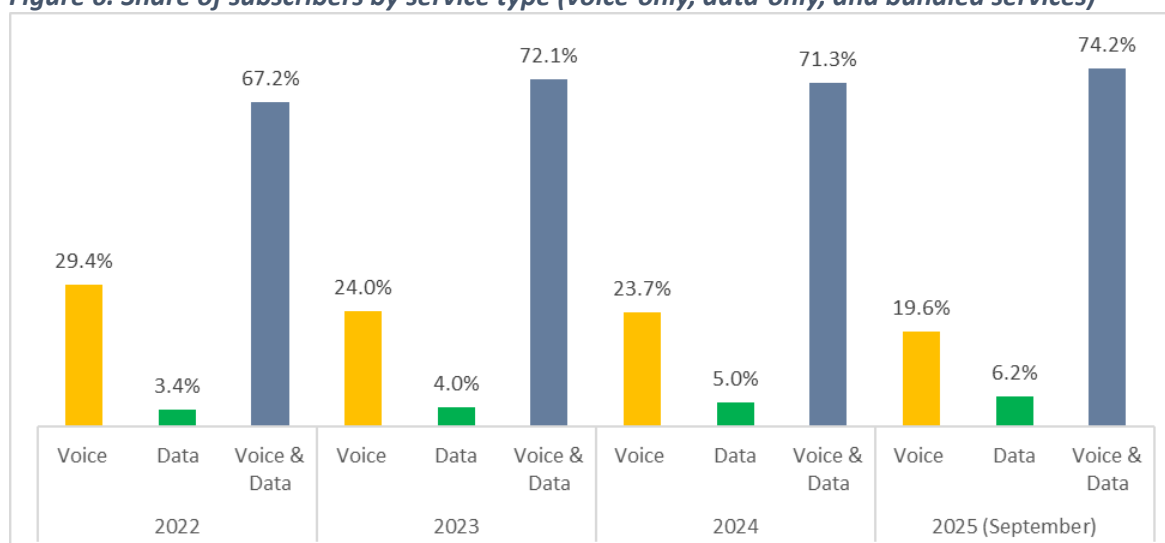
social media, messaging, or other applications for which the included data allowance may be used. These offers further underscore that access to OTT services is often restricted or conditional, rather than providing unrestricted substitutability with traditional mobile voice services.

2. **Functional constraints.** OTT voice services do not, in their standard form, offer equivalent functionality to traditional mobile voice services. In particular, OTT services generally lack universal reachability based on E.164 numbering¹¹, as communication is limited to users of the same application ecosystem. OTT services also generally do not provide reliable access to emergency calling, nor do they ensure guaranteed interconnection and quality of service comparable to regulated telephony networks. As a result, traditional voice services remain essential for a range of critical and institutional use cases. Public institutions, emergency services, businesses, and call centres continue to rely predominantly on traditional telephony services, which provide assured reach, interoperability, and regulatory safeguards that OTT services do not replicate. These functional differences further constrain demand-side substitutability and reinforce the conclusion that OTT voice services cannot be considered a full substitute for traditional mobile voice services.
3. **Coverage and network availability constraints.** In addition to functional limitations, differences in network coverage between legacy and broadband technologies further constrain the substitutability of OTT voice services for traditional mobile voice. Traditional mobile voice services are supported by 2G networks, which typically provide wider geographic coverage, greater signal reach, and higher availability in rural and remote areas. In Sri Lanka, 2G networks remain an important access layer for basic voice and SMS services, particularly for users with basic or feature phones and for populations outside major urban centres (Coverage maps are provided in Annex 1). Additionally, when 4G (LTE) signal is weak or unavailable, devices may fallback to 2G to maintain basic connectivity for voice and SMS.

Mobile broadband constitutes an enabling input for OTT services, but it is not itself the same product as retail mobile voice and messaging services. In the Sri Lankan retail mobile market, bundled voice and data plans clearly dominate, with approximately 71–74% of subscribers using combined voice and data bundles, a share that has remained consistently high between 2023 and 2025 (**Figure 6**). This consumption pattern indicates that mobile broadband is typically used together with traditional voice services, rather than as a standalone substitute for them. As a result, retail mobile voice and retail mobile broadband are best characterized as complementary services, rather than substitutes. This supports their assessment as separate relevant product markets for the purposes of market definition and competition analysis.

¹¹ Note. While some OTT services (e.g. Google Voice) provide E.164 numbers and PSTN breakout, they do so by relying on interconnection with the regulated telephony network. They therefore complement, rather than fully replace, traditional telephony. In addition, such services are not widely adopted as primary voice services and remain the exception to the standard app-to-app OTT model.

Figure 6. Share of subscribers by service type (voice-only, data-only, and bundled services)



Retail pricing structures in Sri Lanka reinforce the complementary relationship between mobile voice and mobile data, rather than substitution. The comparison of voice-only, data-only, and bundled offers shows that bundled voice-and-data packages provide substantially higher value (in terms of combined allowances) than purchasing voice-only or data-only services separately. This pricing structure creates a clear incentive for consumers to retain traditional mobile voice services alongside data, rather than replacing voice with OTT-based communication alone. (Tariff comparison in Annex 2).

While OTT voice services and mobile broadband exert a growing competitive constraint on traditional mobile voice services for certain user groups, device, functional, coverage, and usage constraints, together with the predominance of bundled voice-and-data consumption, indicate that OTT voice and mobile broadband do not constitute effective substitutes for retail mobile voice services. Retail mobile voice therefore remains a distinct relevant product market.

➤ **Access to mobile voice services via different technologies**

In defining the retail mobile voice market, it is necessary to consider whether there is any basis for differentiation according to the technology over which mobile voice services are delivered. Over the market review period, retail mobile voice services in Sri Lanka have been provided over a range of technologies, including 2G, 3G, 4G/LTE, and, on a limited basis, 5G.

The Sri Lankan telecommunications sector is undergoing a progressive transition towards 4G and 5G, with operators seeking to re-farm 3G spectrum in order to improve broadband capacity and performance. All three mobile network operators provide nationwide 2G and 4G/LTE coverage, while 3G networks are largely maintained for legacy and transitional purposes. Consistent with this transition, Dialog initiated the phase-out of its 3G network in June 2022 by suspending new 3G connections and formally announcing plans to shut down the network in order to reallocate spectrum to expand 4G broadband capacity.¹²

¹² [Dialog has planned to shutdown its 3G network in 2023 | Dialog Axiata PLC](#)

Customers were encouraged to migrate to 4G SIMs and compatible devices, with free 4G upgrades offered, while 2G networks were retained to ensure continuity of basic voice and SMS services.

Mobitel is likewise actively transitioning away from 3G, with a strategic focus on refarming spectrum for enhanced 4G and emerging 5G services, in line with broader industry efforts to retire legacy networks. Hutch has followed a similar migration path, focusing on strengthening 4G coverage while maintaining 2G for legacy voice services.

Dialog and Mobitel have launched commercial 5G services following the completion of the national 5G spectrum auction and licence awards in 2025, with deployment currently focused on selected geographic areas. While 5G coverage remains limited at present, the market analysis is forward-looking, and further expansion of 5G coverage over the review period is reasonably foreseeable.

In the case where the user is making mobile voice calls or text messages via mobile networks rather than using VoIP, it is not important to the end-user whether the calls or the text messages sent are carried over a 2G, 3G or LTE network. In practice, a single call or messaging session may transition seamlessly between different network technologies, depending on coverage and network conditions, without the user being aware of the change, aside from normal variations in signal quality.

From the demand-side perspective, access to different generations of mobile networks therefore constitutes a high degree of substitutability for the provision of retail mobile voice and SMS services. These technologies are not offered as separate retail products, but are instead provided jointly as part of a single mobile access service, with the specific technology used at any given time determined primarily by network availability and device/SIM capability, rather than by active consumer choice at the retail level.

While the evolution from 2G to LTE and, increasingly, to 5G has a significant impact on data usage and broadband service capabilities, it has not altered the fundamental nature of retail mobile voice and SMS services. Accordingly, the provision of voice and text messaging over 2G, 3G, 4G/LTE, and 5G networks forms part of a single relevant retail market for mobile voice services, which is technology-neutral in nature.

From the demand-side perspective, retail mobile voice and SMS services delivered over different mobile network technologies are substitutable and form part of the same retail mobile voice market.

➤ **Publicly available satellite services**

Satellite-based networks can also provide voice and data services, either directly by the satellite operators or by service providers utilizing satellite capacity on a wholesale basis.

In Sri Lanka Dialog is authorized to provide Thuraya satellite services and these services, which were available during the market review period.¹³ However, based on information available to TRCSL, usage of

¹³ - [Thuraya Mobile Satellite Communications Company](#)

these services is extremely limited, with the cumulative number of subscribers remaining below 100 as of September 2025. While satellite-based networks can technically provide voice and data connectivity, particularly in remote or underserved areas, their use is constrained by high end-user equipment costs (e.g. satellite handsets or terminals), significantly higher service prices, and more complex installation and operational requirements compared to terrestrial mobile services. As a result, satellite services are typically used in niche use cases (e.g. maritime, disaster recovery, or extreme rural coverage) rather than as a mass-market alternative to mobile access. Consequently, even a small but significant non-transitory increase in the price of mobile access services would be unlikely to induce consumers to switch to satellite-based solutions. Publicly available satellite services therefore cannot be considered demand-side substitutes for retail mobile voice services and do not form part of the same relevant market.

In July 2025, following the grant of the relevant operating license, Starlink commenced commercial broadband operations in Sri Lanka, based on low-Earth-orbit (LEO) satellite technology. Although Starlink entered the market only in mid-2025, near the end of the review period, its impact on competitive conditions during that period was limited. Nevertheless, its potential impact warrants consideration from a forward-looking perspective. While Starlink can technically support voice communications via internet-based applications (VoIP/OTT), this functionality is indirect and lacks equivalence to traditional mobile voice services, notably in terms of universal reachability via E.164 numbering, guaranteed quality of service, and seamless mobility. Moreover, Starlink services require dedicated customer premises equipment (satellite dish, router) and involve high upfront and recurring costs compared to mobile voice subscriptions, making them unsuitable for mass-market voice usage. Starlink is primarily positioned as a fixed or nomadic broadband solution for locations with limited terrestrial connectivity rather than as a substitute for everyday mobile voice communications. Accordingly, a small but significant increase in retail mobile voice prices would not lead consumers to switch to Starlink-based voice solutions, and Starlink services fall outside the relevant retail mobile voice market.

Publicly available satellite services, including Thuraya and Starlink, are not considered as demand-side substitutes for retail mobile voice services and do not form part of the same relevant market.

➤ **Fixed voice services**

For the purpose of proper market definition, it is necessary to evaluate whether fixed voice services exert a sufficient competitive constraint on retail mobile voice services from a demand-side substitutability perspective. Fixed voice services in Sri Lanka, provided mainly through copper, fibre, and Fixed Wireless Access (FWA) technologies, differ significantly from mobile voice services in terms of in terms of mobility, usage patterns, and service characteristics.

Mobility: Fixed voice services have no inherent mobility, as they are tied to a specific physical location and accessed through terminals installed at a defined premises, irrespective of whether the underlying technology is copper, fibre, or FWA. Use of the service is therefore limited to that location. Although, FWA may offer limited nomadic use, in that the service can be relocated between premises; however, they do

not support seamless or personal mobility. By contrast, mobile voice services are specifically designed to enable full personal mobility, allowing users to make and receive calls anytime and anywhere within network coverage, with continuity of service supported through seamless handover between network cells. In addition, mobile voice services support international roaming, enabling users to retain their national number and access voice and messaging services while travelling abroad, which is an integral feature for personal and business users.

Usage patterns: Fixed voice services are predominantly used in location-bound contexts and are increasingly associated with specific customer segments—most notably households, business users, and public institutions—as a permanent or official contact point for inbound and outbound communications, including customer-facing, administrative, and/or emergency-related use. In contrast, mobile voice services are predominantly used for personal, ad hoc communications, supporting anytime and anywhere connectivity.

Service characteristics: Fixed and mobile voice services also differ across several service characteristics relevant for demand-side substitutability. Mobile voice services are inherently bundled with messaging functionality (SMS), which plays a central role in personal communications, digital services, and transactional use cases, including authentication and verification. Fixed voice services, by contrast, generally do not support SMS or offer it only to a negligible extent and have limited relevance for digital platform/ service integration. Mobile voice and SMS services are therefore strongly user-centric and closely linked to personal identity, whereas fixed voice services function primarily as premises-based and often shared communication endpoints. These differences further reinforce that fixed and mobile voice services fulfil distinct functional roles.

Available market evidence in Sri Lanka supports this assessment. Statistical data indicate that there has been no net substitution between mobile and fixed voice access, despite mobile penetration reaching 135.5% (**Figure 7**). Over the same period, fixed access telephone density has remained broadly stable, reaching 12.1% in December 2025. Fixed voice-only subscribers account for approximately 11.6% of all voice-only subscriptions, corresponding to around 2% of total subscribers, while fixed bundled subscriptions (voice and data) represent about 3.6% of bundled subscriptions, or roughly 3% of total subscribers (**Figure 8**). This persistence of fixed voice subscriptions alongside near-universal mobile adoption indicates that fixed and mobile voice services continue to meet distinct user needs rather than acting as close substitutes. Consequently, a small but significant non-transitory increase in the price of mobile voice services would be unlikely to induce a significant number of users to switch to fixed voice services, and vice versa.

Figure 7. Mobile and fixed penetration, 2021-2025

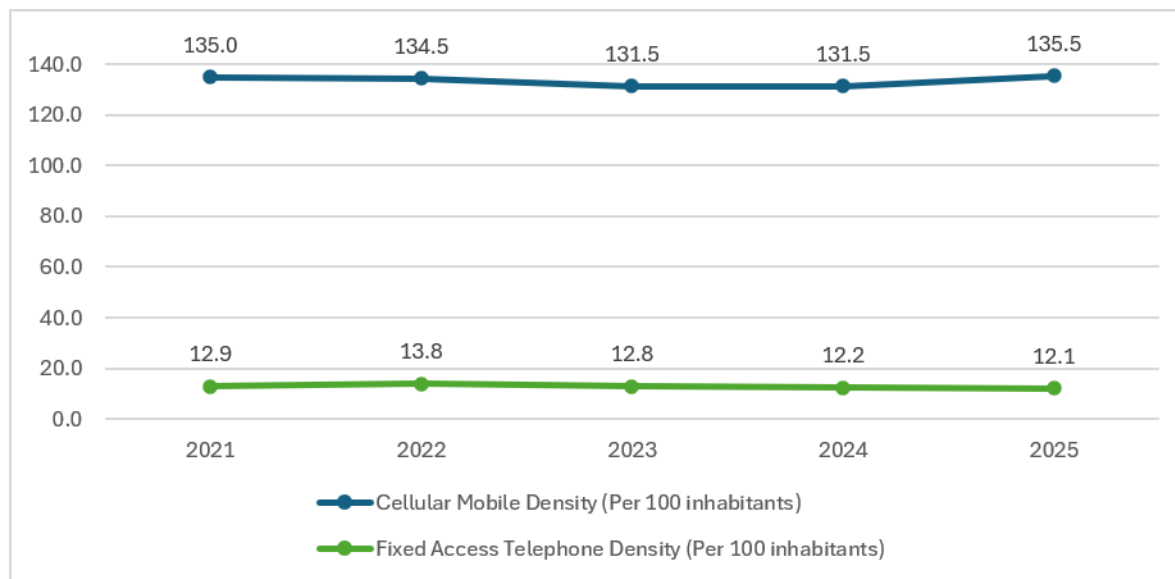
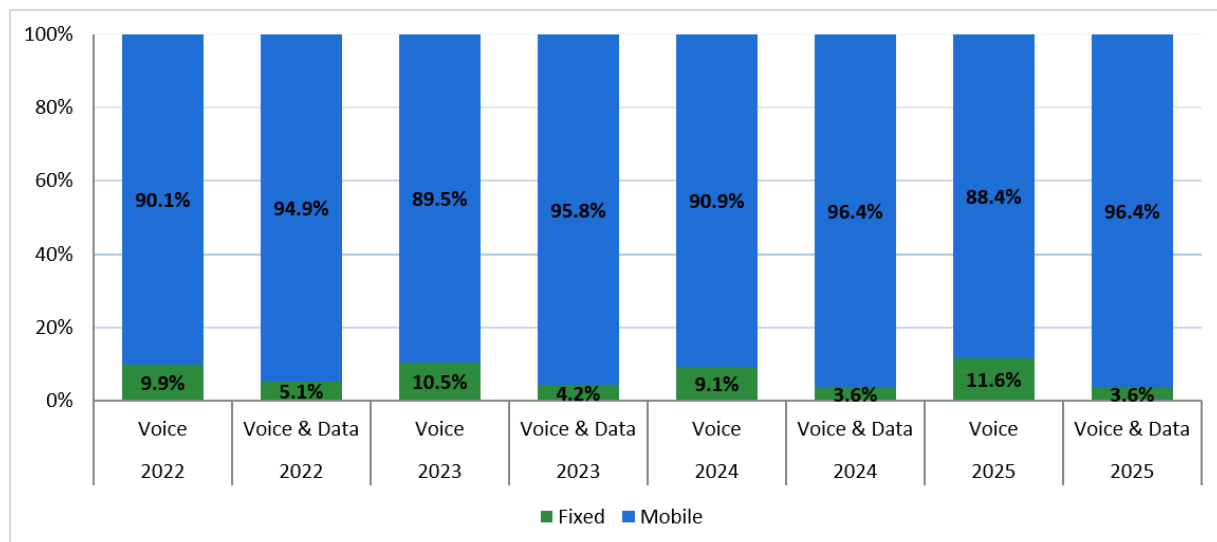


Figure 8. Share of mobile and fixed subscribers by service type: voice-only and bundled services



From the demand-side substitutability perspective, fixed voice services do not exert a material competitive constraint on retail mobile voice services and should therefore be considered outside the same relevant market.

Conclusion on demand-side substitutability. OTT voice services, mobile broadband, satellite services, and fixed voice services do not constitute effective demand-side substitutes for retail mobile voice services due to functional, device, coverage, and usage constraints, and therefore exert limited or no competitive pressure. Mobile voice services delivered over different network technologies (2G–5G) are fully substitutable and form a single, technology-neutral market. Accordingly, retail mobile voice services

constitute a distinct relevant product market for the purposes of competition and market definition analysis.

5.3. Supply-side substitutability

Supply-side substitutability assesses whether providers not currently offering retail mobile voice services could begin supplying such services quickly and at low cost, without incurring significant additional investments or facing material regulatory or contractual constraints. In other words, it examines whether alternative suppliers could quickly and at low cost enter the retail mobile voice market in response to a price increase by existing providers.

From this perspective, supply-side substitution into retail mobile voice services is limited. The provision of retail mobile voice requires access to mobile network infrastructure, including licensed spectrum, radio access networks, core network capabilities, numbering resources, and interconnection arrangements. These requirements create high barriers to entry and cannot be met rapidly or at low cost by providers not already active in mobile access markets. Key potential substitutes:

- **MVNOs (Mobile Virtual Network Operator)¹⁴**: MVNOs could, in principle, offer retail mobile voice services if they are able to secure effective wholesale access to mobile networks, including voice and SMS origination and termination, numbering resources, and interconnection arrangements. However, the feasibility of such entry depends on the existence of an enabling regulatory framework and the availability of commercially viable wholesale agreements with mobile network operators. In the absence of mandated access or established wholesale arrangements, MVNO entry cannot be assumed to occur rapidly or at low cost and therefore does not constitute effective supply-side substitutability.

At present, no MVNOs are active in Sri Lanka, and there is no established MVNO regulatory regime. The TRCSL previously conducted a public consultation on the introduction of MVNOs in 2015¹⁵, but this process did not result in the adoption of a dedicated regulatory framework or the launch of commercial MVNO services. From a legal and regulatory perspective, a potential MVNO could, potentially, seek authorization by obtaining a telecommunications licence under Section 17B of the Sri Lanka Telecommunications Act. Such a licence would grant the right to engage in these telecommunications activities but would not in itself ensure access to mobile networks, as all wholesale arrangements would still need to be negotiated bilaterally with MNOs. These negotiations are typically time-consuming, uncertain, and do not guarantee successful market entry.

Entry by MVNOs would also be subject to licensing and compliance requirements, including the payment of licence fees and other regulatory obligations such as compliance with tariff-related requirements, including tariff filing or approval by the regulator. The licence fee for providing

¹⁴ MVNO is a company that does not own a mobile spectrum license but sells mobile services under its brand name using the network of a licensed mobile operator.

¹⁵ [Public Consultation : Telecommunications Regulatory Commission of Sri Lanka](#)

telecommunications services through telecommunications system operator¹⁶ infrastructure is LKR 1 million (excl. taxes), with a standard licence duration of five years. These regulatory requirements, combined with the need to negotiate wholesale access and interconnection agreements, imply that MVNO entry could not occur rapidly or at low cost.

All MNOs confirmed that they had not received any formal MVNO access requests during the market review period. While some international MVNOs expressed informal interest in the past, the absence of a clear MVNO framework and wholesale access provisions meant that these opportunities were not pursued. The continued absence of MVNOs therefore suggests that competitive pressure in the retail mobile services market is exerted predominantly by mobile network operators (MNOs) themselves, rather than by potential wholesale-based entrants.

Accordingly, while MVNOs could theoretically supply retail mobile voice services, the conditions outlined above indicate that MVNOs do not constitute an effective source of supply-side substitutability for retail mobile voice services in Sri Lanka and therefore do not justify widening the relevant market beyond existing MNOs.

- **Fixed operators and ISPs:** While fixed operators offer voice services and ISPs can offer VoIP-based voice services over fixed broadband networks, they are not able to supply retail mobile voice services without access to mobile spectrum, mobile radio access and core network infrastructure, or regulated wholesale mobile access arrangements, typically through an MVNO agreement. Entry into mobile voice provision would therefore require substantial additional investments, including the acquisition of spectrum licences, associated with significant upfront fees, and the deployment or leasing of mobile network infrastructure, none of which can be achieved quickly or at low cost. In addition, the Sri Lankan licensing framework clearly distinguishes between fixed and mobile telecommunications systems: licences are issued separately, and a licence for a fixed telecommunications system does not authorise the provision of mobile services. A fixed operator or ISP seeking to enter the mobile voice market would therefore be required to obtain a mobile telecommunications system licence, which entails a licence fee of LKR 600 million (excluding taxes), a standard licence duration of 10 years, and the payment of ongoing annual spectrum fees, determined in accordance with the methodology set by the TRCSL. Alternatively, fixed operators or ISPs could obtain a service licence pursuant to Section 17B of the Act and rely on MNO infrastructure to provide retail mobile broadband services. However, in the absence of an established MVNO regulatory regime or mandated wholesale access obligations, fixed operators and ISPs cannot readily switch supply to retail mobile voice services. Accordingly, supply-side substitution from fixed voice or VoIP providers into retail mobile voice is highly constrained and does not justify widening the relevant market beyond existing mobile network operators.
- **OTT providers:** From a supply-side substitutability perspective, retail mobile voice services and OTT voice and messaging services are fundamentally distinct and not substitutable. The provision of retail mobile voice services requires access to a mobile network, including licensed radio spectrum, radio access and core network infrastructure, national E.164 numbering resources, and

¹⁶ System operators licensed under Section 17 of the Telecommunications Act.

regulated interconnection arrangements with domestic and international networks. In addition, mobile voice providers are subject to sector-specific regulatory obligations, including licensing requirements, quality-of-service standards, emergency calling obligations, and numbering administration. These requirements entail substantial sunk investment and regulatory compliance costs and cannot be met rapidly or at low cost by providers not already active in the mobile telecommunications sector.

By contrast, OTT voice and messaging services operate over the public internet and rely on broadband connectivity—fixed or mobile—as an input rather than supplying access services themselves. OTT providers do not require spectrum licences, mobile network infrastructure, national numbering resources, or regulated interconnection, nor are they subject to the same telecommunications-specific obligations that apply to mobile voice providers. OTT services, in their standard form, are application-based, typically closed within proprietary ecosystems, and do not provide guaranteed interoperability or regulated access to emergency services. As a result, the technical architecture, regulatory status, and cost structure of OTT services differ fundamentally from those of mobile voice services. In Sri Lanka, as in many other jurisdictions, OTT providers do not fall within the scope of traditional telecommunications sector regulation.

TRCSL acknowledges the growing role of OTT traffic across telecommunications networks, for both voice and data, and the increasing importance of OTT platforms within the broader internet value chain. However, the existing legal framework, as well as prevailing international regulatory practice, indicates that any policy response to OTT services is more appropriately addressed through horizontal (cross-sector) regulatory frameworks, rather than through telecommunications-specific regulation. In this context, OTT services do not constitute a source of supply-side substitutability for retail mobile voice services.

Moreover, the relationship between mobile network operators and OTT providers is best characterised as complementary rather than substitutive.¹⁷ OTT services generate demand for connectivity, while network operators provide the underlying access and coverage that enable OTT usage. This symbiotic relationship underscores that OTT providers operate at a different level of the value chain and are not alternative suppliers of mobile voice access.

These differences imply that providers cannot readily switch between supplying OTT services and retail mobile voice services in response to market conditions. On this basis, OTT voice and messaging services do not exert a supply-side competitive constraint on retail mobile voice services and do not justify widening the relevant product market. They represent a distinct activity, operating under a different regulatory regime and economic model, and cannot be considered a substitute source of supply for regulated retail mobile voice services.

Box 1. International practice on the evolving regulatory treatment of OTT services

¹⁷ [Economic impact of OTTs on national telecommunication/ICT markets](#)

In response to structural changes in communications markets driven by digital platforms, competition and regulatory authorities worldwide have begun to adapt traditional competition assessment frameworks. Rather than relying exclusively on sector-specific obligations imposed on telecommunications operators, regulators are increasingly extending ex-ante regulatory tools to large over-the-top (OTT) platform providers, while at the same time **relaxing retail-level obligations on traditional telecom** operators where competition is deemed effective.

A clear example of this shift is the EU Digital Markets Act (DMA), which imposes ex-ante obligations on designated “gatekeeper” platforms such as Meta, Apple, Google, and Microsoft. These obligations include requirements to ensure data portability, interoperability of messaging services, and restrictions on self-preferencing. For instance, Meta has been required to enable interoperability between WhatsApp and other messaging services, addressing network effects that previously reinforced market power in OTT communications—an area that historically fell outside telecom regulation.

Similarly, competition authorities have increasingly focused on horizontal, symmetry-based remedies that apply across sectors, rather than asymmetric obligations targeted solely at telecom operators. Data portability rights under the General Data Protection Regulation (GDPR) allow users to switch platforms more easily, reducing lock-in effects created by large digital ecosystems. Interoperability obligations, such as those now applied to core platform services under the DMA, are designed to replicate, in the digital platform context, the pro-competitive effects that interconnection and number portability once delivered in traditional telecom markets.

At the same time, regulators have progressively withdrawn or relaxed retail-level regulation of traditional telecommunications services where competitive pressure has increased (some years ago). In the EU, national regulatory authorities have largely removed retail price controls for mobile and fixed services, reflecting effective competition and the constraining effect of alternative communication channels, including OTT services. Retail markets are now rarely subject to ex-ante regulation, with regulatory focus shifting instead to wholesale access and infrastructure bottlenecks. Similar trends can be observed in markets such as the United Kingdom and Australia, where retail telecom regulation has been scaled back while competition law and general consumer protection rules play a greater role.

These developments illustrate a broader regulatory rebalancing: ex-ante intervention is increasingly applied where market power has shifted—to large digital platforms—while legacy telecom obligations are reduced where competition has intensified. The overall objective is to preserve effective competition and consumer choice across converging communications markets by applying proportionate and technologically neutral regulatory tools aligned with evolving market realities.

Conclusion on supply-side substitutability. Retail mobile voice services constitute a distinct relevant product market. Fixed operators, Internet service providers, and OTT providers cannot readily supply mobile voice services without access to licensed mobile spectrum, mobile network infrastructure, or regulated wholesale mobile access arrangements. Entry by such providers would therefore not be timely, likely, or cost-effective in response to a price increase in retail mobile voice services.

5.4. Geographical scope of the market

Once the relevant product market has been defined, the Commission proceeds to determine the geographic scope of the market. In line with Competition Rules, paragraph 7.6.6.1, the geographic scope of a relevant market is generally presumed to be national, unless a specific assessment demonstrates materially distinct competitive conditions at local or regional level. No such conditions are present in the retail mobile voice market in Sri Lanka.

The legal and regulatory framework applicable to retail mobile voice services is uniform across the entire territory of Sri Lanka. Licensing conditions, regulatory obligations, consumer protection rules, and tariff oversight apply on a nationwide basis and do not vary by region.

In addition, the right to use radio spectrum is granted on a national basis. Spectrum licences include obligations to provide nationwide coverage, and mobile network operators deploy and operate their networks under nationally defined licence conditions. Competition therefore takes place on a national footprint, rather than on isolated local or regional markets.

Furthermore, retail offerings and tariffs are not geographically differentiated. MNOs do not apply region-specific pricing, service conditions, or product differentiation for mobile voice services. Retail tariffs and commercial terms are offered uniformly nationwide, allowing consumers to access the same mobile voice products irrespective of their location.

Finally, there is no evidence of material geographic variation in either pricing or product quality that would justify the definition of sub-national markets. While coverage levels may vary to some extent between urban and rural areas, these differences do not give rise to distinct competitive conditions or differentiated consumer choice.

On this basis, and consistent with the Competition Rules, 2024 the **relevant geographic market for retail mobile voice services is national in scope, covering the entire territory of Sri Lanka.**

5.5. Three Criteria Test

The three-criteria test is set out in Section 8 of the Competition Rules, 2024. Under this test, a relevant market is considered susceptible to ex-ante regulation only where all three of the following criteria are met simultaneously:

- (a) the presence of substantial and persistent structural, legal, or regulatory barriers to entry;
- (b) a market structure that does not tend towards effective competition within the anticipated timeframe of three to five years; and
- (c) the insufficiency of existing competition law to effectively address the identified competition concerns.

Failure to satisfy any one of these criteria implies that the market should not be subject to ex-ante regulatory intervention.

Criterion 1. The presence of substantial and persistent barriers to entry

The first criterion of the three-criteria test requires an assessment of whether **substantial and persistent structural, legal, or regulatory barriers to entry** exist in the relevant market. This assessment focuses on current and forward-looking market conditions and evaluates whether potential new entrants could realistically enter the market and exert competitive pressure on incumbent operators within a reasonable timeframe.

Regulatory and legal barriers. Entry into the retail mobile voice market requires the acquisition of a mobile telecommunications system licence or telecommunications service licence. Licensing is not automatic and is subject to regulatory discretion, procedural requirements, and associated fees. The issuance of a system licence under Section 17 of the Sri Lanka Telecommunications Act is at the discretion of the Minister, while the TRCSL is empowered to issue licences defined under Section 17B of the Act. All existing mobile network operators hold mobile telecommunications system licences, which are issued for a period of ten years, subject to renewal. The licence fee for such a licence amounts to LKR 600 million for the licence term. In addition, licensees must comply with regulatory obligations (set in licensing conditions and other legal documents), including reporting requirements and tariff regulation, under which retail prices for voice services are subject to regulatory approval and cost-based scrutiny. Taken together, these legal and regulatory requirements constitute substantial barriers to entry that cannot be easily or rapidly overcome by new entrants.

Structural barriers: access to scarce radio spectrum. Second, effective entry into mobile voice services requires **access to scarce radio spectrum**, which constitutes a fundamental structural barrier. Spectrum is allocated administratively and through competitive award processes, is limited in availability, and is licensed for long durations. Spectrum assignments often involve very high upfront costs, as illustrated by recent awards in which a single 100 MHz block in the 3.5 GHz band was priced at approximately LKR 5,175 million, in addition to ongoing annual spectrum usage fees payable over the licence term. The need to secure spectrum on a long-term basis, combined with its scarcity and cost, represents a persistent barrier that cannot be easily replicated or bypassed by potential entrants.

Structural barriers: control over infrastructure that is not easily duplicated (sunk investment) and economies of scale. Beyond spectrum acquisition, entry requires substantial sunk investment in mobile network infrastructure, including radio access networks, core network elements, transmission, and site deployment. International benchmarks indicate¹⁸ that the cost of constructing a single mobile tower can range between USD 35,000 and USD 90,000 for the tower structure alone, with total site capital expenditure—once radios, power systems, backhaul, and civil works are included—being significantly higher. TRCSL data indicate, that in Sri Lanka, the cost of establishing a single mobile tower site (including equipment) is approximately LKR 40-45 million (around USD 130,000 – 150,000). These investments are largely irreversible sunk costs and must be incurred prior to any meaningful market entry, reinforcing the structural nature of entry barriers. Moreover, achieving nationwide coverage requires deployment at scale: as of end-2025, Dialog operated 5,468 base stations, Mobitel operated 4,256, and Hutch Sri Lanka

¹⁸ [How Much Does it Cost to Build a Cell Tower? - Dgtl Infra](#)

operated 2,843 base stations. The magnitude of infrastructure required to compete on a national basis constitutes a substantial and persistent barrier to entry and is not easily duplicated.

While a degree of infrastructure sharing exists in Sri Lanka—primarily in the form of passive sharing such as towers and sites—such arrangements do not eliminate the need for substantial investment in active network elements. Accordingly, sharing reduces duplication to a limited extent but does not materially lower the structural barriers to entry.

Table 5. Mobile network infrastructure and coverage indicators by operator

	Dialog	Mobitel	Hutch
Number of operated base stations*	5468	4256	2843
Coverage at least 4G, population	99%	97.8%	94%
Coverage at least 4G, land area	91%	79.2%	67.1%

*TRCSL data as of end 2025

Economies of scale exist in mobile networks when an increase in network size and capacity leads to falling unit costs, i.e. **marginal cost of carrying additional voice minutes is very low**. Large operators can therefore spread fixed costs over **millions of subscribers and billions of voice minutes**, resulting in a much lower average cost than that achievable by a new or small entrant. Economies of scale tend to strengthen the market power of established operators and can thus function as an entry barrier for new network operators. The established network operators have dimensioned their networks to achieve their optimum utilisation. A new network operator will need time to build up a customer base and traffic and cannot in the initial phase expect to derive economies of scale to the same degree as the established network owners. In this way, economies of scale contribute to creating an asymmetrical relationship between new and established providers, which in turn will weaken the competitiveness of a new operator.

Limited effectiveness of wholesale-based entry options. While entry to the market could theoretically occur through wholesale access arrangements, such as MVNO agreements, national roaming, or infrastructure sharing, these alternatives do not materially reduce entry barriers in practice. Wholesale-based entry depends on the willingness of incumbent mobile network operators to provide access on commercially viable terms and on the existence of an effective enabling regulatory framework. As established elsewhere in this analysis, Sri Lanka does not currently have an operational MVNO regime. Although national roaming is provided for in licensing conditions, it has not materialised in practice. Similarly, existing infrastructure sharing arrangements, as provided under the Infrastructure Sharing Regulations, 2024 are largely limited to passive infrastructure sharing (such as towers and sites)¹⁹. As a result, wholesale-based entry options cannot be considered a readily available, timely, or reliable way to market entry, and therefore do not mitigate the substantial and persistent barriers to entry in the retail mobile voice market.

¹⁹ Active RAN sharing is currently limited to intra-group arrangements.

Competitive impact of OTT services on entry barriers. The assessment of barriers to entry also considers the competitive impact of OTT services on traditional telecommunications markets. OTT voice and messaging applications can reduce entry barriers at the service level, as they enable providers to offer voice-like and messaging functionalities without the need to acquire spectrum, obtain telecommunications licences, or invest in network infrastructure. However, while OTT services influence consumer behaviour, usage patterns, and traffic substitution, they do not eliminate the structural and regulatory barriers associated with entry into the retail mobile voice services market as defined. OTT providers do not offer equivalent functionality to traditional mobile voice services and OTT voice and messaging services are not considered as a full substitute to traditional voice service. Public institutions, businesses, and call centres therefore continue to rely on traditional mobile voice services. Accordingly, while OTT services exert indirect competitive pressure, they do not materially lower the barriers to entry faced by potential new mobile network operators in the relevant market.

Taken together, it is concluded that substantial and persistent barriers to entry exist in the retail mobile voice market in Sri Lanka. These barriers are significant and enduring barriers, both regulatory and economic in nature and are unlikely to diminish within the relevant forward-looking timeframe. Accordingly, **the first criteria of the three-criteria test is met.**

Criteria 2. The market is not tending towards effective competition

The second criterion of the three-criteria test examines whether, notwithstanding the presence of high and non-transitory barriers to entry, the relevant market nonetheless shows a tendency towards effective and sustainable competition within a reasonable forward-looking timeframe. This assessment focuses on whether market dynamics, structural developments, or competitive forces are likely to erode market power in the absence of ex-ante regulatory intervention.

By definition, Criterion 2 is forward-looking. It is not fulfilled where there is sufficiently clear evidence that market developments will lead to sustainable competition without regulation. Conversely, where the evidence indicates increasing concentration, limited rivalry, or a lack of credible competitive constraints, the criterion is satisfied.

Market dynamics and structure. In the case of the retail mobile market in Sri Lanka, historical and current market developments indicate that the market is not moving towards effective competition. On the contrary, the available evidence points to a trend towards greater concentration (**Figure 9** and **Figure 10**). Over the period under review, the mobile market (including mobile voice services) has experienced structural consolidation, notably through market acquisitions, strengthening of the largest operator's position, rather than market share rebalancing among existing operators. There have been no new entries into the mobile network operator segment during the review period. Furthermore, there are no officially known or credible attempts by MVNOs to enter the Sri Lankan mobile market, reflecting the absence of effective wholesale entry pathways and reinforcing the persistence of entry barriers.

Figure 9. Market share dynamics and the level of concentration -HHI, 2022–2025

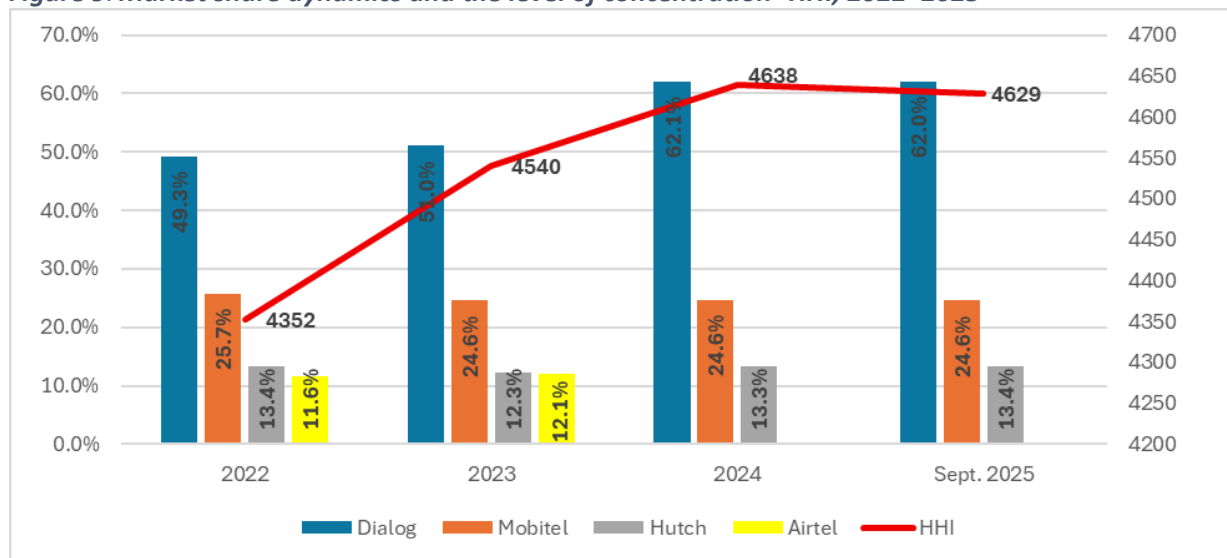
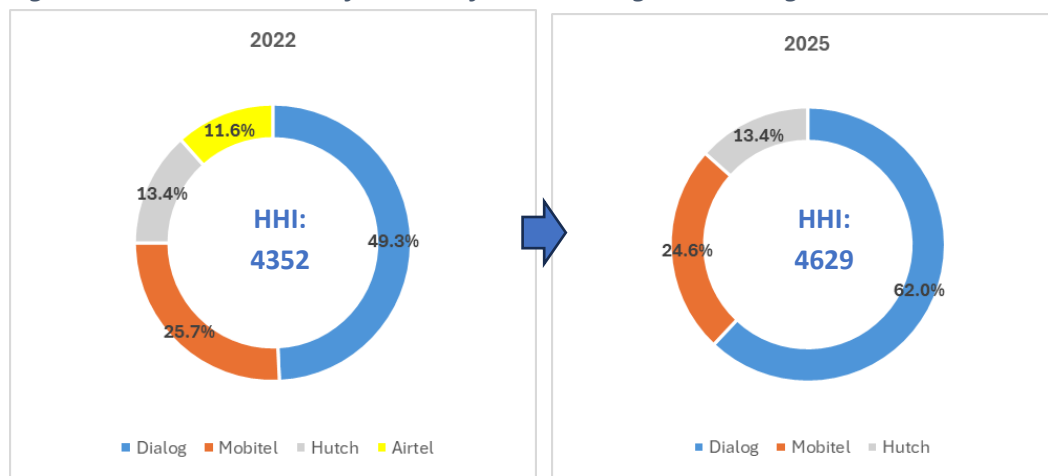


Figure 10. Market shares before and after the Dialog–Airtel merger



Given the established positions of the three existing mobile network operators and the absence of any expressed interest from potential MVNOs, it is considered unlikely—assuming unchanged market and regulatory conditions—that any new market player would enter the retail mobile voice market as an effective competitor. Any potential entry would most likely be limited to resale or service-based offerings, relying on the basic retail mobile service functionality of existing MNOs, and would therefore be insufficient to materially alter competitive dynamics.

Access to information, switching costs and lock-in mechanisms. Information on mobile offers is generally available through each operator’s website and through the extensive nationwide retail shop networks operated by the three MNOs. While the information provided by individual operators is relatively clear, differences in tariff structures, bundles, validity periods, and conditions mean that effective comparison between operators’ offers is not always straightforward.

The vast majority of mobile users, approximately 95% of total subscribers base, rely on prepaid subscriptions. Unlike postpaid subscriptions, prepaid services do not involve contractual lock-in. By contrast, postpaid subscriptions are typically structured around minimum commitment periods and may include exit charges in the event of early termination, creating explicit lock-in effects. Although prepaid subscriptions do not involve formal contractual commitments, several practical and behavioural lock-in mechanisms nonetheless reduce effective switching for prepaid users in Sri Lanka:

- First, the **absence of number portability** represents a significant source of lock-in. Mobile users who change operator must typically change their mobile number, which is increasingly linked to a wide range of digital services, including banking applications, two-factor authentication, messaging platforms, and social media accounts. The perceived inconvenience and risk associated with losing a long-used number discourages switching, even in the prepaid segment.
- Second, **multi-SIM behaviour** acts as a partial substitute for switching but also contributes to lock-in. Many prepaid users (and mobile subscribers in general) maintain multiple SIM cards from different operators and switch usage between them depending on coverage or promotional offers. While this allows some degree of usage flexibility, it often results in **users retaining their primary SIM and** reducing usage rather than fully switching provider, thereby limiting effective competitive pressure.
- **Third, bundled prepaid offers and promotional incentives create behavioural lock-in.** Prepaid packages in Sri Lanka frequently include reload-linked bonus data, whereby additional data allowances are granted only upon specific top-ups and are valid for limited periods, as well as app-specific data allowances restricted to designated applications and defined validity windows. Similar promotional incentives, such as bundled allowances or app-specific benefits, may also be available in some postpaid plans. Such incentives, which are common across the portfolios of all major operators, encourage users to remain active on the same network in order to avoid forfeiting unused or accumulated benefits.
- Fourth, **on-net pricing advantages and network effects** (while more significant in the past and less pronounced today) can reinforce customer lock-in. Given the asymmetric size of operators' subscriber bases, users may prefer to remain on networks where a larger share of their contacts are located, in order to benefit from on-net call or messaging offers and perceived reachability advantages.
- Finally, **customer familiarity and behavioural inertia** play a role. Long-standing users often develop habits around a specific operator's recharge channels, applications, and customer service processes. These factors, while not contractual, result in behavioural switching patterns that reduce the likelihood of subscribers changing providers.

Subscribers' tenure and churn rates. Subscriber tenure data indicate asymmetric customer loyalty across operators. MNOs data show that Mobitel has the most stable customer base, with XX% of subscribers connected for less than 12 months and XX% connected for more than 36 months. Comparable figures for Dialog indicate XX% below 12 months and XX% above 36 months, while Hutch shows a higher proportion of short-tenure customers (XX% below 12 months) and a lower share of long-standing subscribers (XX% above 36 months). Asymmetric subscriber loyalty reinforces existing market shares and constrains the development of effective competition.

Although churn rates vary significantly across operators, the concurrent growth in total subscriber numbers and the high proportion of reconnections indicate that churn largely reflects replacement and reactivation dynamics, rather than effective switching between operators. For example, while Dialog records the highest number of permanent disconnections, it also reports the highest number of reconnections and new connections, suggesting that a substantial share of churn is circular rather than competitive in nature. Accordingly, churn does not constitute a strong competitive constraint and does not signal a tendency towards effective competition.

Price development. Retail mobile tariffs in Sri Lanka are subject to regulatory approval and cost-oriented justification. As a result, retail prices do not differ significantly across operators, and the main price offers display a high degree of structural similarity (see Annex 2). Mobile network operators primarily compete through variations in bundled offers and add-ons, rather than through sustained price differentiation.

Under the existing regulatory framework, all retail tariffs—including promotional discounts and bundled offers—must be submitted to and approved by the TRCSL before being offered to subscribers. Operators are therefore not able to introduce discounts or promotional pricing unilaterally, without prior regulatory clearance. This limits operators’ ability to respond rapidly to changing market conditions or competitors’ initiatives. While promotional tariffs are permitted, the need for ex-ante approval reduces pricing flexibility relative to markets where retail tariffs are fully deregulated. As a consequence: i) operators have limited scope for dynamic price competition, ii) competitive responses to rivals’ offers may be delayed, and iii) pricing behaviour tends to remain stable and closely aligned across operators. These pricing dynamics are unlikely to facilitate a movement towards effective and sustainable competition within the relevant forward-looking timeframe.

On the basis of the above assessment, it is concluded that **the second criteria**, namely that the market is not tending towards effective competition, **is fulfilled**.

Criteria 3. Existing competition laws are inadequate to address the competition issues identified effectively.

As Sri Lanka does not have a cross-sectoral competition authority with economy-wide powers, nor a general competition law comparable to those in some other jurisdictions, competition-related matters in the telecommunications sector are addressed through sector-specific competition rules. In particular, Part II of the Competition Rules, 2024 sets out the powers of the TRCSL to intervene in competition-related matters on an ex post basis, with a primary focus on mergers and acquisitions. Part II of the Competition Rules, by its nature, provides for ex post intervention, as it addresses competition concerns after anti-competitive behaviour has occurred. By contrast, ex ante regulation under Part I is intended to prevent the emergence of anti-competitive outcomes by imposing forward-looking obligations before harm materialises. As such, reliance on ex post competition intervention alone is insufficient to address persistent structural market failures.

Notwithstanding these sector-specific competition rules in force as of July 2024, the structural characteristics of the Sri Lankan mobile voice market indicate that market power is likely to persist, and competition-related rules alone are insufficient to restore effective competitive pressure. In particular, concentration in spectrum holdings, control over infrastructure that is not easily duplicated due to high

sunk investment requirements, and economies of scale and scope associated with nationwide coverage and vertical integration continue to confer durable advantages on incumbent operators. In markets characterised by **high and persistent barriers to entry**, durable market power, and limited prospects for effective competition—such as the retail mobile voice market in Sri Lanka—reliance on ex post intervention alone is insufficient to ensure competitive outcomes. Ex post measures necessarily relate to past conduct and cannot, by themselves, address structural market failures or provide timely and predictable safeguards against the exercise of market.

Given the absence of indications that these structural conditions are likely to change in the foreseeable future, the application of **ex ante sector-specific regulation**, alongside ex post enforcement, remains necessary to ensure ongoing market oversight and to protect competition and end-user interests. Accordingly, it is concluded that the retail mobile voice market in Sri Lanka **satisfies the third criterion of the three-criteria test**, namely that competition law or competition-related rules alone are insufficient to address the identified market failures.

Conclusion. On the basis of the above assessment, it is concluded that the retail mobile voice market in Sri Lanka satisfies all three criteria of the three-criteria test. The market is characterised by high and persistent barriers to entry, does not tend towards effective and sustainable competition, and competition law or competition-related rules alone are insufficient to address the identified market failures. Accordingly, the application of ex ante sector-specific regulation is justified.

VI. Assessment of competition in the retail mobile voice market in Sri Lanka

As defined by Section 9 of Competition Rules, 2024 the purpose of market analysis conducted by the Commission is to determine whether the relevant market is genuinely competitive. This includes identifying whether any authorized entities possess significant or joint significant market power within that market. To conduct the task the TRCSL shall assess a combination of criteria set in the Competition Rules, 2024.

6.1. Market share

A key measure for competition assessment is the market share, typically based on revenue, subscribers, production units, or network size. An entity with a market share of 50% or more is likely seen as having significant power, while less than 35% likely indicates minimal power. The historical progression of market shares also provides insights into the market's competitive nature. For the evaluation of market share in retail mobile voice three aspects are evaluated.

- . Market share by subscribers.
- . Market share by revenues.
- . Originated traffic (in minutes).

For the purposes of assessing market shares in the retail mobile voice services market, all subscribers with access to mobile voice services are taken into account, including voice-only subscribers and subscribers to bundled voice-and-data packages (combo subscribers). The same principle applies to revenue calculations: all revenues attributable to mobile voice services, whether derived from standalone voice plans or

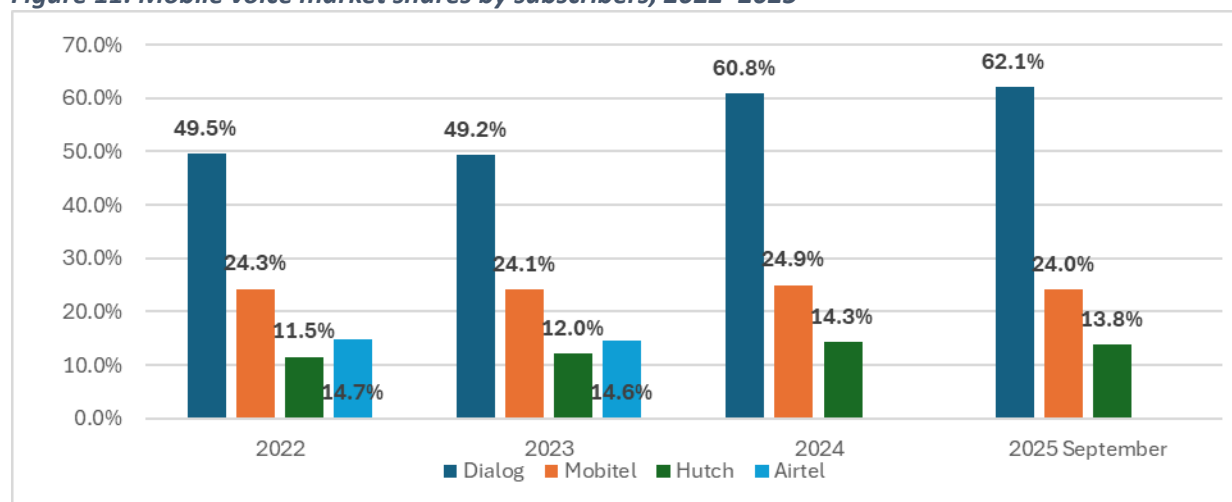
bundled packages, are included. This approach reflects the market reality where voice services are predominantly consumed within bundled packages. Excluding bundled subscribers or associated revenues artificially narrow the market and underestimate operators' competitive positions. Accordingly, including the full subscriber and revenue base ensures that market shares accurately capture the overall economic activity and competitive dynamics of the retail mobile voice market.

Figure 11 illustrates the evolution of subscriber-based market shares over the period 2022 to September 2025. Dialog maintains the leading position throughout the period. Its market share remains relatively stable in 2022 (49.5%) and 2023 (49.2%), before increasing significantly to 60.8% in 2024 as a result of the Dialog–Airtel merger, and further to 62.1% by September 2025. This development reflects a substantial strengthening of Dialog's competitive position in the latter part of the review period and a structural shift in market concentration following consolidation.

Mobitel holds the second-largest market share and remains relatively stable across the period, with 24.0% market share in September 2024. While maintaining a solid position, Mobitel does not exhibit significant growth and appears to operate under increasing competitive pressure. Hutch shows moderate variation over time. Its market share stands at 13.8% of mobile voice subscribers in September 2025.

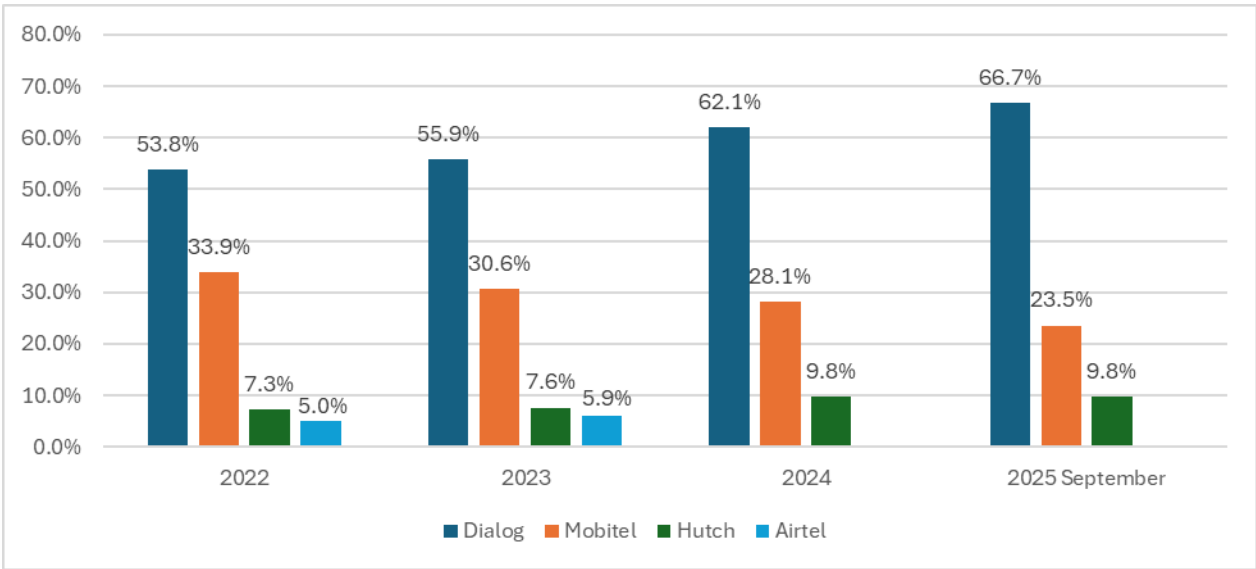
Overall, the figure demonstrates a clear increase in market concentration during the review period, primarily driven by Dialog's post-merger expansion, while the remaining operators exhibit relatively stable or moderately fluctuating shares.

Figure 11. Mobile voice market shares by subscribers, 2022–2025



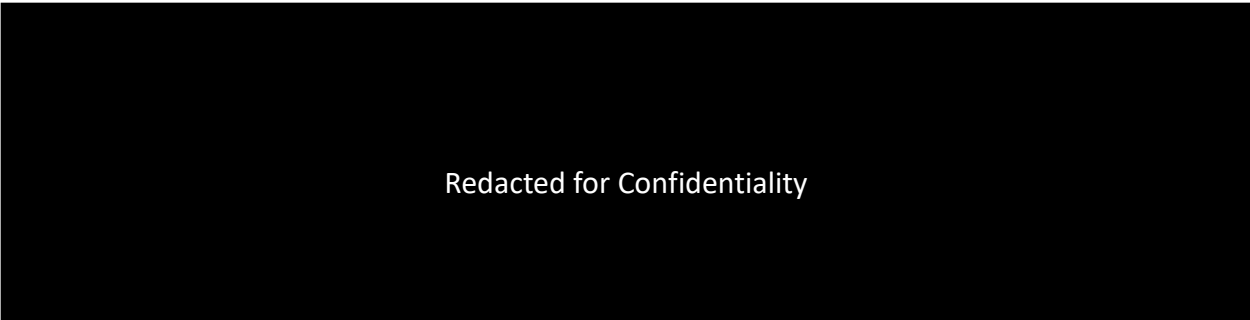
The revenue-based market shares (**Figure 12**) confirm the earlier findings of increasing market concentration. Dialog's share rises from 53.8% in 2022 to 66.7% by September 2025, reflecting strengthened monetisation capacity following the Dialog–Airtel merger. At the same time, Mobitel's declining revenue share and Hutch's relatively modest position indicate limited ability to offset the growing asymmetry in the market. Overall, the revenue trends reinforce the conclusion that competitive conditions have become more concentrated over the review period.

Figure 12. Mobile voice market shares by revenues, 2022–2025



The mobile voice traffic trends further reinforce the conclusion of increasing market asymmetry. Dialog’s steady and significant traffic growth contrasts with the more modest and comparatively flat revenue trajectories of Mobitel and Hutch (**Figure 13**). This widening gap in traffic volumes supports the finding that market concentration has strengthened over the review period and that competitive pressure on the leading operator remains limited.

Figure 13. Mobile voice originating traffic (minutes), 2022–2024



At the end of September 2025, Dialog accounted for 62.1% of the retail mobile voice market by subscribers and 66.7% by revenues. This dual strength in both volume and monetisation reflects a structurally dominant market position and suggests a high degree of market concentration, with limited competitive constraints from smaller operators. From a regulatory market analysis perspective, such sustained and elevated market shares – particularly exceeding the 50% benchmark – create a strong presumption of significant market power. The widening gap between Dialog and the next largest operator further suggests limited competitive constraint and reinforces the conclusion that the market exhibits a high and increasing degree of concentration. In the absence of countervailing structural factors, these indicators are consistent with the existence of SMP in the retail mobile voice market.

While market share is a critical indicator, the Commission will use a combination of other criteria to assess SMP comprehensively.

6.2. Infrastructure control

Entities with a long-standing presence in the market or access to limited resources, such as frequency spectrum, may possess extensive network infrastructure that competitors cannot easily replicate. Such infrastructure may confer structural advantages that materially influence market power. In assessing market power in the retail mobile voice market, the Commission evaluates:

- The scale and geographic reach of network infrastructure;
- Access to scarce spectrum resources;
- The extent of sunk and irreversible investments;
- The ability of competitors to replicate comparable coverage and capacity within a reasonable timeframe and at economically viable cost.

Dialog operates the largest mobile network infrastructure in Sri Lanka. Dialog reported operating²⁰ 5,285 2G, 5,479 4G and 222 5G base station sites distributed across all nine provinces, achieving approximately 97% landmass coverage and 99% population coverage. In comparison, Mobitel operates 3,688 2G, 1,610 3G and 3,826 4G sites, with approximately 79% landmass and 97.9% population coverage. Hutch operates 2,747 2G, 1,758 3G and 2,840 4G sites, covering approximately 67.1% of landmass and 94% of the population.

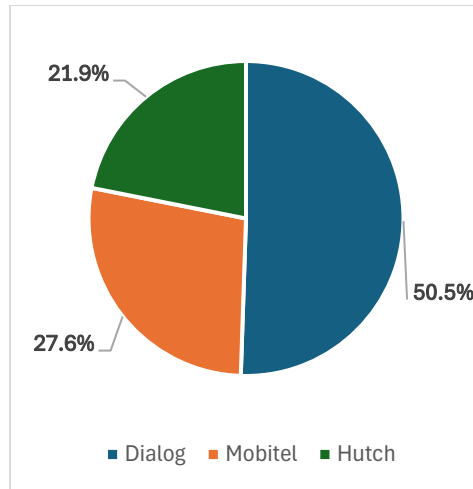
Table 6. Mobile network infrastructure indicators by operator

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When considering only base stations operated on operators’ own sites, Dialog holds the largest share. Shared sites between operators are excluded from this assessment to ensure that the analysis reflects infrastructure assets directly controlled by each operator. The distribution of own operating base stations indicates a concentrated infrastructure structure, with Dialog holding a clear quantitative lead. While the existence of shared sites demonstrates that a degree of infrastructure sharing is present in the market, the current level of sharing does not appear sufficient to materially offset the underlying asymmetry in owned network assets.

Figure 14. Distribution of based stations on own sites, 2025

²⁰ Operated base stations may be deployed on infrastructure owned by the operator or hosted on leased/shared sites.

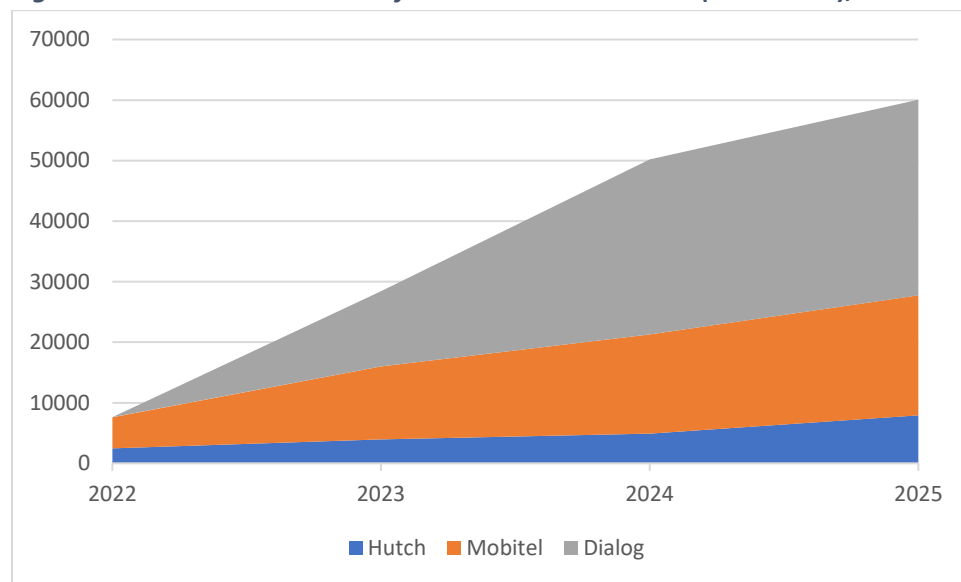


Dialog therefore maintains a clear structural lead in both infrastructure density and geographic reach. The construction of mobile networks requires substantial sunk investment in radio access networks, transmission systems, core infrastructure, and site deployment. International benchmarks suggest that the cost of constructing a single mobile tower ranges between USD 35,000–90,000²¹ for the structure alone, with total site capital expenditure substantially higher once equipment, power systems, backhaul and civil works are included. TRCSL data indicate that in Sri Lanka, the cost of establishing a single mobile tower site (including equipment) is approximately LKR 40 -45 million (around USD 130,000 -150,000). These investments are largely irreversible and must be incurred prior to market entry, reinforcing the structural nature of barriers to entry. According to TRCSL data, at the end of 2025 Dialog owned 3,581 towers, compared with 2,353 towers owned by Mobitel and 1,632 towers owned by Hutch.

During the review period, investment in mobile infrastructure has been substantial (**Figure 15**). According to data provided by the operators for the period 2022–2025, Dialog’s cumulative investment in the mobile network accounts for approximately 54% of total cumulative market investment over that period. It should be noted, however, that investment data for Dialog for the year 2022 was not available in the dataset provided. Consequently, the actual share of mobile investment may be higher than 54%, and the figure should be interpreted as a conservative estimate.

²¹ [How Much Does it Cost to Build a Cell Tower? - Dgtl Infra](#)

Figure 15. Cumulative mobile infrastructure investments (2022-2025), million LKR



To put it in the broader context, Dialog Axiata Group reports cumulative investments of approximately USD 3.37 billion since the entry into Sri Lanka, reflecting decades of capital deployment across mobile, broadband, fibre and digital infrastructure.²² In 2024 alone, capital expenditure amounted to LKR 30.3 billion, directed toward broadband expansion, network upgrades, IT platform enhancement and network integration initiatives. According to the company: *“These investments ensure that Dialog’s network remains the widest and most advanced in the country, capable of meeting growing demand while providing a superior experience to customers.”*²³

During the forward-looking period of this market review, it is reasonable to expect that mobile network operators will continue to undertake significant capital expenditure, primarily driven by sustained growth in mobile data traffic and the progressive expansion of 5G networks. In May 2025, Dialog Axiata Group announced a further USD 100 million investment to expand Sri Lanka’s digital infrastructure, comprising USD 81 million by Dialog and USD 19 million by DBN).²⁴ This announcement reflects not only Dialog’s continued commitment to network modernisation, but also demonstrates the scale of financial resources available to the operator relative to competitors. Future investment requirements will extend beyond radio access network (RAN) upgrades to include spectrum optimisation, enhancement of backhaul and transmission capacity, core network modernisation, and continued site densification. Operators with stronger financial capacity and an already extensive infrastructure footprint are likely to benefit from economies of scale and scope, resulting in lower incremental upgrade costs. In contrast, smaller operators may face proportionally higher investment burdens, reinforcing existing structural asymmetries.

²² [Dialog Axiata Group Commits Further USD 100 Million to Expand Sri Lanka’s Digital Infrastructure | Dialog Axiata PLC](#)

²³ [dialog-axiata-plc-annual-report-2024.pdf](#)

²⁴ <https://dialog.lk/news/dialog-axiata-group-commits-further-usd-100-million-to-expand-sri-lankas-digital-infrastructure?language>

Access to spectrum should also be considered when assessing market conditions. The spectrum assignments for mobile telecommunication services are provided in **Table 7**.

Table 7. Spectrum allocations per operator

Band	Tech Layer	Mobitel	Dialog	Hutch
850 MHz	4G	2×10	2×5	–
900 MHz	2G	2×4.8	2×5	2×5
	4G	2×0.2	2×5	2×7.5
1800 MHz	2G	2×5	2×25	–
	4G	2×22.5	2×7.5	2×15
2100 MHz	3G	2×5	–	2×20
	4G	2×10	2×25	–
2300 MHz (TDD)	4G	25	–	–
2600 MHz (TDD)	4G	–	60	–
3500 MHz (TDD)	5G	100	100	–
26 GHz (TDD)	5G	–	200	–

Out of the total 838 MHz (paired spectrum is counted in full duplex bandwidth) assigned for mobile technologies, Dialog holds approximately 60.3% of total spectrum, compared to 28.4% for Mobitel and 11.3% for Hutch, indicating a significant overall quantitative spectrum advantage. In the voice layer (2G/3G), spectrum distribution is more balanced, with Dialog holding around 44%, Hutch 36%, and Mobitel 20%, suggesting moderate concentration. In contrast, broadband spectrum (4G/5G) is substantially more concentrated: Dialog holds around 64% of total broadband spectrum, largely due to its significant mid-band and high-band 5G allocations, while Mobitel holds about 30% and Hutch approximately 6%. Accordingly, while voice spectrum holdings appear relatively dispersed, broadband spectrum exhibits a high degree of concentration in favour of Dialog, which may confer a structural capacity advantage, subject to actual deployment and effective utilisation.

Additionally, as per the industry settlement agreement entered in 2024, TRCSL permits RAN sharing between fixed (wireless) and mobile operators, and between mobile operators. As DBN is part of the Dialog Axiata Group, this flexibility may enable the group to leverage additional spectrum resources to strengthen its mobile operations. If equivalent conditions are not available to other operators (particularly, Hutch), such asymmetry confers a structural competitive advantage.

Table 8. Spectrum allocations per operator (LTE)

Band	Tech Layer	SLT	DBN
2300 MHz (TDD)	LTE	-	75
2600 MHz (TDD)	LTE	100	-

Accordingly, Dialog controls an extensive network infrastructure that is not easily replicable by competitors. The scale of cumulative investment, combined with concentrated spectrum holdings, nationwide coverage advantages, and established backhaul and core network assets, points to the existence of material economies of scale and substantial sunk costs. On a forward-looking basis, the

ongoing 5G investment cycle is likely to reinforce, rather than diminish, existing asymmetries in infrastructure scale and cost efficiency, suggesting that competitive advantages are unlikely to be eroded within the relevant review period absent material changes in market conditions or regulatory intervention.

6.3. Customer influence

Dialog has maintained a strong brand position and significant influence over consumer experiences in the Sri Lankan telecommunications market. As the largest operator by infrastructure footprint and subscriber base, it delivers services across mobile, broadband and digital platforms, reinforcing its visibility and relevance in everyday consumer usage. Dialog reports that it was named Sri Lanka’s “Telecommunication Brand of the Year” for the 13th consecutive year in 2024 and ranked #1 across multiple mobile network experience metrics.²⁵ Such brand strength, combined with extensive coverage and service breadth, enhances customer loyalty and reduces perceived switching incentives.

Following the merger, Dialog has continued to operate the Airtel brand, which retains particular recognition and popularity in certain regions and customer segments. The continued use of the Airtel brand, including previously approved tariff structures, allows Dialog to address different market segments under a dual-brand strategy. This provides additional commercial flexibility and segmentation advantages, particularly when legacy tariff approvals remain applicable post-merger, even where underlying cost structures may have changed. The use of dual branding can therefore strengthen market positioning and widen consumer reach, potentially reinforcing competitive advantages.

At the same time, competitive constraints in the Sri Lankan market remain limited by structural factors. Notably, the absence of a mobile number portability regime restricts consumers’ ability to switch providers without changing their number, thereby increasing switching costs and reducing effective churn pressure. Consumer lock-in may be further strengthened through handset financing and subsidy schemes. While Dialog’s extensive network coverage and strong brand presence reinforce its market position, structural conditions such as the lack of portability and established brand loyalty continue to limit the extent of effective consumer switching and bargaining power.

6.4. Financial access

Dialog’s financial profile reflects operational resilience, structural financial strength and sustained investment capacity. As part of the Axiata Group (**Figure 16**), a diversified regional telecommunications group, Dialog benefits from strategic alignment within a broader corporate structure. In addition, as a publicly listed company on the Colombo Stock Exchange, Dialog has access to capital markets through both equity and debt instruments, enhancing financing flexibility relative to smaller or privately held competitors. Its listed status, combined with established governance and disclosure standards, supports investor confidence and facilitates access to funding under varying market conditions.

²⁵ [dialog-axiata-plc-annual-report-2024.pdf](#)

Dialog Group Structure as of 31 December 2024

Legend:

- Wholly owned subsidiary
- Non-wholly owned subsidiary
- Associate company

Axiata Group Bhd

Axiata Investments (L) Limited
100%

Dialog Axiata PLC
73.75%

Dialog Finance PLC
99.05%

Dialog Network Services (Private) Limited
100%

Dialog Broadband Networks (Private) Limited
100%

Dialog Device Trading (Private) Limited
100%

Dialog Television (Private) Limited
100%

Firstsource-Dialog Solutions (Private) Limited
26%

Digital Holdings Lanka (Private) Limited
100%

Dialog Business Services (Private) Limited
100%

Telecard (Private) Limited
100%

Digital Realty (Private) Limited
35%

H One (Private) Limited
100%

Communiq Broadband Network (Private) Limited
100%

Digital Health (Private) Limited
37.24%

My Health Solutions (Private) Limited
100%

Headstart (Private) Limited
62%

Digital Commerce Lanka (Private) Limited
99.03%

Dialog Axiata Digital Innovation Fund (Private) Limited
Ordinary Shares: 25%
Preference Shares: 94.23%

Ownership percentages indicated in boxes:

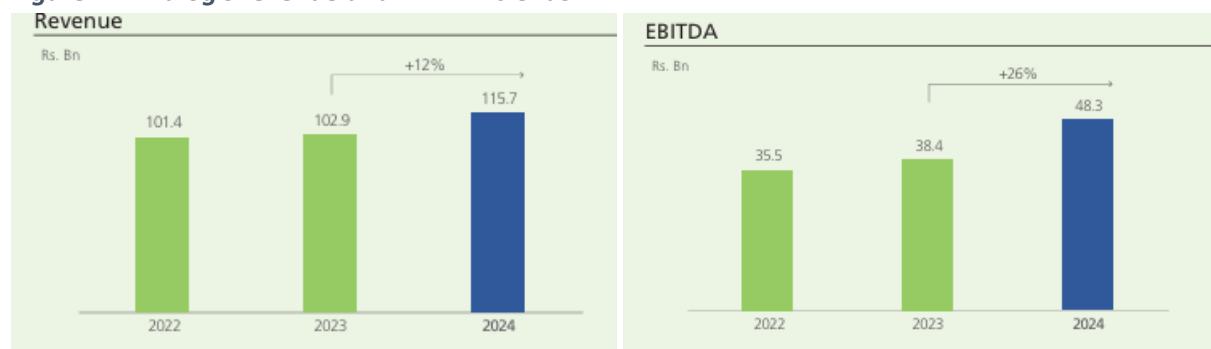
- 0.97% (Dialog Business Services to Digital Holdings Lanka)
- 38% (Headstart to Digital Holdings Lanka)
- 20.45% (Digital Health to Firstsource-Dialog Solutions)

Dialog Axiata Group reported Operating Free Cash Flow of LKR 23.6 billion in 2024, sufficient to cover its capital expenditure while continuing to support strategic investments and shareholder returns.²⁷ This level of internal cash generation indicates a strong and self-sustaining financial position. In competitive terms, robust operating free cash flow reduces reliance on external financing, enhances financial flexibility, and enables sustained network investment over the forward-looking period. Such financial capacity may reinforce infrastructure advantages, particularly in a capital-intensive environment characterised by ongoing 4G densification and 5G expansion.

²⁷ [dialog-axiata-plc-annual-report-2024.pdf](#)

only an increase in revenues can be observed, but also a more pronounced growth in profitability (**Figure 17**). The fact that EBITDA has expanded at a faster rate than revenue suggests that the merger delivered material operational efficiencies through cost rationalisation, infrastructure consolidation and improved resource utilisation. At the same time, improved margins may also signal strengthened pricing power in a more concentrated market structure.

Figure 17. Dialog’s revenue and EBITDA trends



Source: [dialog-axiata-plc-annual-report-2024.pdf](https://www.dialog-axiata-plc.com/annual-report-2024.pdf)

Overall, the evidence indicates a financially robust operator with sustained access to capital and demonstrated capacity to absorb macroeconomic shocks while continuing infrastructure investment. In a capital-intensive telecommunications market, such financial resilience may reinforce existing infrastructure and spectrum advantages over the forward-looking review period.

6.5. Product diversity

Dialog with its affiliates operates across multiple service layers, including mobile voice and data (2G–5G), fixed broadband, enterprise ICT services, pay television and digital financial services. This breadth of product offerings enables bundling strategies and multi-service propositions, which may increase switching costs and customer lock-in. The possibility to cross-subsidise across business segments and to leverage brand strength across platforms may enhance competitive resilience. Such diversification reduces revenue volatility and strengthens the operator’s ability to withstand competitive pressure, which is relevant in assessing economic strength and market power.

Market players report strong household demand for bundled mobile, fixed broadband, and television services. This demand materially shapes competitive strategies, particularly in relation to multi-play offerings aimed at increasing customer retention, raising switching costs, and strengthening long-term revenue stability. Such convergence strategies reinforce the position of operators with integrated fixed and mobile networks. In this context, Dialog presents itself as Sri Lanka’s leading quad-play connectivity provider, offering integrated mobile, fixed broadband, television, and digital services.²⁸

²⁸ [dialog-axiata-plc-annual-report-2024.pdf](https://www.dialog-axiata-plc.com/annual-report-2024.pdf)

6.6. Economy of scale and scope

Economies of scale occur in markets where high investments are needed to create a market presence leading to a lower subsequent unit cost of supply. In mobile telecommunications markets, significant investments are needed in acquiring spectrum rights and building a national infrastructure.

In Sri Lanka, Dialog is the largest mobile operator in terms of subscriber base and mobile voice and data traffic. It also forms part of a broader corporate group with access to significant capital resources, as evidenced by the announced USD 100 million investment in 2025 to further expand digital infrastructure.

Dialog's extensive infrastructure footprint, large subscriber base and substantial spectrum holdings indicate the presence of economies of scale. High fixed and sunk costs associated with network deployment, fibre backbone, core systems and IT platforms can be spread over a larger revenue base, reducing average unit costs. The integration of additional assets following the Dialog-Airtel merger further enhances these efficiencies. This is particularly relevant in the context of 4G densification and progressive 5G deployment, where incremental upgrades may be undertaken at lower average cost by an operator with an already extensive infrastructure footprint. Operators with smaller subscriber bases and lower traffic volumes are likely to face higher average unit costs, which may constrain their ability to match aggressive retail pricing or sustain long-term margin compression.

It is therefore considered that Dialog benefits from greater economies of scale than its competitors in the Sri Lankan mobile market, which strengthens its competitive position.

Economies of scope are present when an operator supplies several significant services — such as mobile, fixed broadband, pay television, and wholesale services — using shared network assets, transmission infrastructure, IT systems, marketing channels, and customer support platforms. Shared transmission networks, common core systems, integrated retail channels and unified customer management systems reduce incremental costs and enhance operational efficiency.

In Sri Lanka, Dialog Axiata Group operates as a fully integrated quad-play provider, offering mobile services, fixed broadband (through Dialog Broadband Networks), pay-TV services, and digital platforms. Operators that provide only mobile services, or that lack comparable fixed and/or TV assets, are less able to realize similar scope efficiencies. As a result, Dialog is likely to benefit from lower overall unit costs across its service portfolio and from stronger cross-market leveraging opportunities.

6.7. Vertical integration

Dialog is vertically integrated across the infrastructure and service layers of the telecommunications value chain. It controls radio access networks, fibre backbone, international connectivity, core networks and data centres, while simultaneously operating at the retail and enterprise service levels. Vertical integration reduces reliance on third-party wholesale inputs, enables internalisation of margins and enhances quality control.

Dialog reports that it operates a 5G Standalone-ready network with a cloudified core and 100% fibrised candidate sites.²⁹ A fully fibrised access layer, combined with ownership of fibre backbone infrastructure

²⁹ [dialog-axiata-plc-annual-report-2024.pdf](#)

and investments in international submarine cable capacity, strengthens control over both domestic and international transmission. Such infrastructure depth enhances scalability, reduces reliance on third-party wholesale inputs and allows for integrated end-to-end service optimisation.

From a competition perspective, vertical integration across access, transmission and international connectivity layers may provide several structural advantages:

- Internalisation of wholesale margins
- Reduced dependency on external infrastructure providers
- Greater control over network quality and upgrade cycles
- Enhanced ability to bundle connectivity with digital and enterprise services
- Lower incremental cost of deploying new technologies (e.g., 5G Standalone, edge computing)

In the context of SMP assessment, such integration strengthen economic power by increasing strategic flexibility and reducing exposure to upstream supply constraints. Where wholesale access obligations or alternative infrastructure are limited, vertically integrated operators may enjoy structural advantages that are not easily replicable by competitors. It may also create potential advantages in bundling, cross-selling and leveraging infrastructure assets across downstream markets.

6.8. Potential competition

In assessing potential competition, the Commission considers whether undertakings not currently active in the relevant market—or active only in adjacent markets—could credibly enter or expand in response to a sustained price increase.

In the Sri Lankan mobile market, there is no evidence of imminent entry by new mobile network operators. Entry would require access to scarce radio spectrum, substantial capital investment in nationwide radio access and transmission networks, regulatory approvals and the development of distribution and customer acquisition channels. Given that commercially viable low- and mid-band spectrum is largely assigned, and that the market is mature and highly penetrated, the likelihood of new entry appears limited.

Potential competition from adjacent markets (e.g. fixed broadband providers or enterprise ICT operators) would similarly require spectrum access and large-scale infrastructure deployment to enter the mobile market at meaningful scale. In the absence of wholesale mobile access obligations or commercially widespread MVNO arrangements, pivoting into mobile services remains structurally constrained.

Accordingly, potential competitive pressure from new entrants or adjacent operators appears limited within the forward-looking review period.

6.9. Expansion barriers

Even where new entry is unlikely, effective competition could arise if smaller existing operators are able to expand their market share materially. The assessment therefore considers barriers to expansion within the market.

Structural and investment barriers. The cost of establishing a single base station represents a significant sunk investment. Operators with smaller infrastructure footprints or weaker balance sheets face proportionally higher marginal costs of expansion. These expansion constraints are further amplified by the current distribution of broadband spectrum. Disproportionate holdings of mid- and high-band spectrum (particularly those used for 4G and 5G) affect an operator's ability to scale capacity efficiently. Notably, only two of the three mobile operators (Dialog and Mobitel) have acquired 5G spectrum, while Hutch has not secured comparable 5G assignments. This asymmetry may further widen capacity and quality differentials over time.

In a forward-looking perspective, investment will increasingly be directed toward broadband networks to accommodate growing data traffic demand. While legacy 2G networks remain relevant for basic voice services and certain device segments, competitive dynamics are progressively shifting toward 4G and 5G technologies, where spectrum depth and infrastructure density are critical. Operators with comparatively limited broadband spectrum may therefore face higher costs per unit of capacity expansion.

In addition, further expansion may increasingly be oriented toward rural and lower-density areas, where population dispersion and lower traffic volumes may extend the time required for cost recovery. It is also relevant to note that mobile ARPU in Sri Lanka remains among the lowest in the region (Annex 3). This constrains operators' ability to generate sufficient internal cash flow to finance capital-intensive network expansion, particularly in commercially less attractive rural and underserved areas. Smaller operators, or those with more limited scale and spectrum resources, may therefore face structural challenges in extending infrastructure coverage without external support mechanisms.³⁰ By contrast, operators with more extensive existing infrastructure and broader revenue bases are generally better positioned to undertake such expansion under prevailing market conditions.

Market share developments. The analysis of recent market developments indicates limited sustained market share shifts among smaller operators. In a mature and highly penetrated market, significant and sustained expansion by smaller operators would typically require either substantial new investment, spectrum reallocation or disruptive pricing strategies, none of which appear evident at scale.

Vertical and multi-product effects. The presence of vertically integrated operators offering bundled services—including mobile, fixed broadband, enterprise ICT and digital services—may further constrain expansion by operators with narrower product portfolios. Where integrated retail bundles combine multiple services, competitors lacking comparable offerings may face difficulties expanding within the defined mobile market, particularly among higher-value customer segments.

Accordingly, there is no clear evidence that new entrants or smaller operators are likely to expand at a scale sufficient to materially alter competitive dynamics within the forward-looking review period.

In addition, structural asymmetries further limit the prospect of effective expansion. Only two out of the three mobile operators have acquired 5G spectrum, creating a technological gap in next-generation network deployment. This asymmetry not only affects future service capability but may also reflect differences in financial capacity to participate in spectrum acquisition and subsequent investment. As

³⁰ E.g. Gamata Sanniwedanaya project

market demand progressively shifts toward high-capacity broadband services, the absence of 5G spectrum places one operator at a structural disadvantage in competing for higher-value segments and advanced enterprise use cases.

Further asymmetry arises from the current spectrum licensing framework. While as per the industry settlement agreement entered in 2024, TRCSL permits RAN sharing between fixed (wireless) and mobile operators, and between mobile operators, spectrum licences remain linked to specific technologies. This limits full technological neutrality in practice. Operators holding licences tied to legacy technologies may face restrictions on importing and deploying equipment designed for newer generations (e.g., 4G or technology-neutral multi-standard equipment). Such constraints may hinder timely network modernization and increase upgrade costs, particularly for operators with legacy spectrum portfolios.

6.10. Conclusions

Based on the cumulative assessment of market shares, infrastructure control, spectrum distribution, financial strength, economies of scale and scope, vertical integration, and barriers to entry and expansion, the evidence indicates the presence of sustained structural advantages that are unlikely to be eroded within the forward-looking review period. Dialog’s persistently high (62.1 % by subscribers and 66.7% by revenue) and increasing market shares combined with its infrastructure footprint, concentrated broadband spectrum holdings, financial access, and multi-service integration, demonstrate both the ability and incentive to behave independently of competitors, customers, and ultimately consumers.

At the same time, competitive constraints from existing operators remain limited, potential entry appears unlikely, and structural asymmetries—particularly in spectrum depth, investment capacity, and scale efficiencies—further reduce the prospect of effective competitive pressure emerging in the near term. Under Section 9 of the Competition Rules, 2024, an operator holds significant market power where it enjoys a position of economic strength affording it the ability and incentive to behave, to an appreciable extent, independently of competitors, customers and ultimately consumers. In the absence of countervailing factors sufficient to offset these advantages, the overall evidence supports a finding that **Dialog holds SMP in the relevant retail mobile voice market.**

VII. Market definition of the retail cellular mobile broadband market

In accordance with the Competition Rules, 2024, the retail cellular mobile broadband market has been identified as a predefined market subject to ex ante assessment. Consistent with the analytical framework set out in the Rules, the Commission proceeds to define the relevant product and geographic market, assess demand- and supply-side substitutability, and evaluate the conditions of effective competition within the defined market.

7.1. Product market definition – mobile broadband (M1)

In a number of jurisdictions (e.g., the United Kingdom, Australia, Georgia and Kenya), regulators define retail mobile broadband as part of a broader retail mobile access market encompassing voice, SMS and data within a single mobile communications market. This approach is typically justified where mobile services are predominantly sold and consumed as bundled offerings, where voice and data are technically

provided over the same network infrastructure, and where consumer switching decisions are based on the overall value of the mobile package rather than on individual service components. In such markets, voice-only subscriptions are limited, mobile data usage is near-universal, and competitive conditions operate relatively uniformly across the subscriber base. Under those circumstances, cross-elasticity between voice and data components is considered sufficient to support a single relevant product market.

The structure of the Sri Lankan market differs in several material respects:

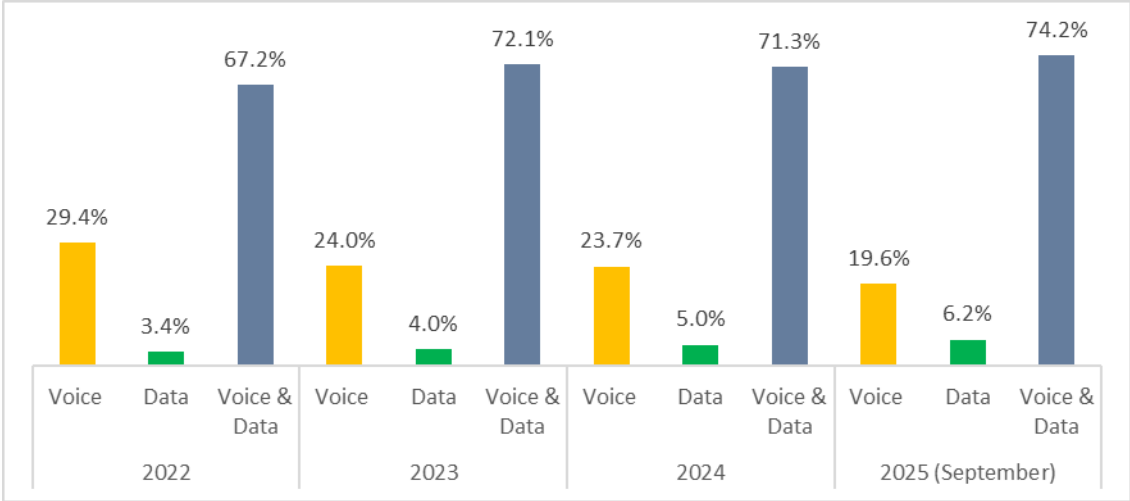
- First, approximately 25% of subscribers continue to use voice-only services, and this proportion has remained broadly stable over the past three years. This indicates the existence of a persistent and non-transitory segment of users who do not consume mobile broadband services. The stability of this segment suggests that it reflects structurally differentiated demand rather than a temporary transition.
- Second, around 30% of population continues to rely on 2G-capable devices. These users are either technically unable or practically constrained in accessing mobile broadband services. As a result, changes in mobile broadband pricing are unlikely to influence their purchasing decisions.
- Third, internet penetration stands at approximately 64% of the population, implying that a significant portion of the population remains outside the broadband ecosystem. This reinforces the existence of differentiated user groups and suggests that mobile broadband is not yet universally embedded in mobile consumption patterns.
- Fourth, although mobile data revenues have become the primary revenue driver — rising from 44.2% of total mobile industry revenues in 2022 to 58.2% in 2025—mobile voice services remain commercially material, accounting for 24.2% of total industry revenues in 2025 (down from 36.2% in 2022). At operator level, voice continues to represent approximately XX% of Dialog’s mobile revenues, XX% for Hutch and XX% for Mobitel (2025 data). This dual revenue structure indicates that operators compete on differentiated parameters across distinct customer segments. I.e. operators compete simultaneously on traditional voice parameters for a significant segment of users, and for data-centric users on broadband-related parameters, including spectrum capacity, network coverage and performance, quality of service, and the size, pricing and structure of data allowances.

Taken together, these factors suggest that mobile broadband services in Sri Lanka are not universally consumed alongside voice services and that competitive constraints may not operate uniformly across all subscribers. A price increase in mobile broadband would not materially affect the behaviour of voice-only subscribers, while data-focused users increasingly rely on broadband connectivity and may not respond significantly to changes in traditional voice pricing. For the purposes of this market review, retail mobile broadband is therefore assessed as a separate relevant product market, as it is predefined by Competition Rules, 2024.

In the Sri Lankan retail mobile market, bundled voice and data plans clearly dominate, with approximately 71–74% of subscribers using combined voice and data bundles, a share that has remained consistently high between 2023 and 2025 (**Figure 18**). While data-only subscriptions have shown a gradual increase in

recent years, they continue to represent a relatively small segment of the market, accounting for 6.2% of the total subscriber base as of September 2025.

Figure 18. Share of subscribers by service type (voice-only, data-only, and bundled services)



As indicated in this report, more than 95% of all mobile subscribers in Sri Lanka are individual (mass-market) users, and over 95% of these subscribers are on prepaid plans. Consistent with established regulatory practice, this assessment does not differentiate between individual and corporate subscribers, nor between prepaid and postpaid subscriptions, as distinct segments of the retail mobile broadband market. These customer categories are supplied with largely identical services, operate under similar tariff structures, and are subject to comparable competitive constraints. Accordingly, retail mobile broadband services are assessed within a single relevant product market.

Following this, TRCSL identifies the following focal product:

Retail mobile broadband comprises always-on internet access services³¹ delivered to end-users over licensed public mobile communications networks using SIM-based access. It includes data services that enable users to access the internet, upload and download content, and use over-the-top applications (including messaging, voice-over-IP, video streaming and other online services) via SIM-enabled devices³². These services are supplied irrespective of the underlying network technology (3G, 4G or 5G) and regardless of whether they are offered on a prepaid or postpaid basis, or as standalone data services or as part of bundled retail mobile offerings.

7.2. Demand-side substitutability

Demand-side substitutability assesses the extent to which users would switch from the defined product or service to alternative services in response to a small but significant price increase. In this section, the

³¹ Those capable of simultaneous transmission of voice, data, and multimedia applications, enabling access to Internet-based content and services.
³² Note: includes smartphones, tablets, dongles, and mobile routers, but excludes IoT/M2M devices and services.

boundaries of the retail mobile broadband market are determined by identifying services that may constitute effective substitutes.

As already analysed, traditional mobile voice and SMS services do not constitute substitutes for mobile broadband from a demand-side perspective, as they fulfil materially different functions. Voice and SMS enable real-time audio communication and basic text messaging, whereas mobile broadband provides internet access, allowing users to browse websites, stream content, access cloud services and use over-the-top (OTT) applications, including messaging and video calling platforms. The requirement for compatible devices, combined with only moderate internet penetration rates across the population, further constrains effective substitutability between these services. The absence of meaningful cross-elasticity of demand, together with differentiated usage patterns and competitive parameters, supports the conclusion that voice and messaging services do not form part of the same relevant product market as retail mobile broadband.

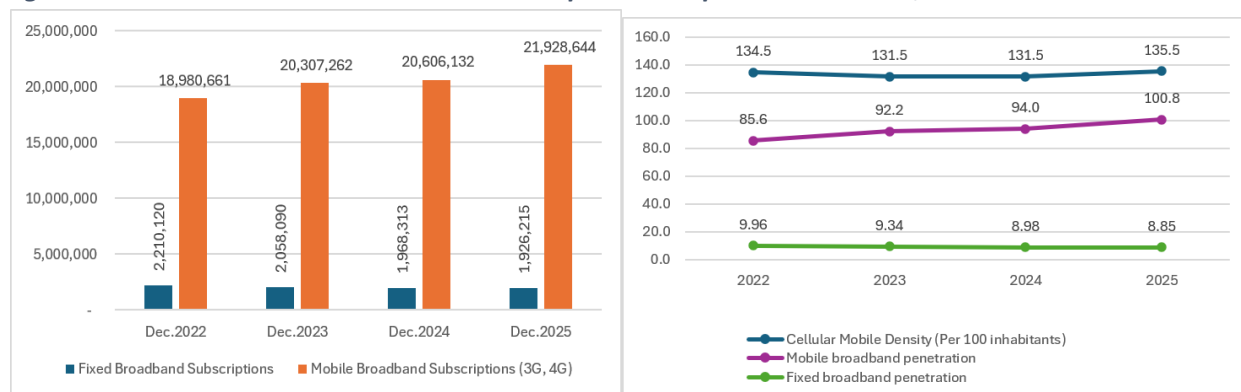
Key potential substitutes:

➤ **Fixed broadband**

While both fixed and mobile broadband provide access to the public internet, the extent to which they constrain each other in Sri Lanka appears limited and segment-specific.

Statistical evidence does not indicate any material net substitution between mobile and fixed broadband access, notwithstanding high levels of mobile penetration. While overall mobile SIM penetration reached 135.5%, mobile broadband subscriptions amounted to over 100 per 100 inhabitants as of September 2025 (**Figure 19**), reflecting widespread access and multi-SIM ownership, rather than evidence of effective or primary usage of mobile broadband. In contrast, fixed broadband penetration has remained broadly stable at around 9% of the population throughout the review period. The absence of a decline in fixed broadband penetration, despite near-universal mobile broadband coverage, suggests that mobile broadband has not displaced fixed access to a significant extent.

Figure 19. Fixed and mobile broadband subscriptions and penetration rates, 2022-2025



During the review period, fixed broadband was provided through xDSL, FTTx and fixed wireless access (FWA LTE) technologies. In 2025, following the grant of the relevant operating license, Starlink commenced commercial broadband operations in Sri Lanka, based on low-Earth-orbit (LEO) satellite technology.

Fixed broadband services are often purchased to support multi-device household connectivity and high-intensity usage, including video streaming, remote work, online learning and other bandwidth-intensive applications. These services generally offer more stable throughput, lower latency (particularly in the case of fibre-based access), and higher or uncapped data allowances compared to mobile broadband. In addition, fixed residential services are increasingly bundled with television services and other converged offers, which may further reduce incentives to switch.

By contrast, mobile broadband services are delivered over shared spectrum resources and are subject to variable performance depending on location, coverage and network congestion. Mobile broadband offers mobility and immediate access but is more commonly associated with volume-based pricing, volume caps and traffic management practices. These characteristics reduce its suitability as a primary household connectivity solution for high-usage consumers. Although 4G and 5G technologies may provide peak speeds comparable to or exceeding certain legacy xDSL connections, maximum speed capacities and quality consistency remain more favourable in the case of fixed broadband, particularly FTTx (see **Table 9**). Mobile broadband access services are therefore only a demand-side substitute for basic fixed broadband access services (e.g. legacy low-speed xDSL). They are not demand-side substitutes at the retail level for fixed broadband services providing higher speeds and capacity (in particular FTTx-based services). Additionally, fixed broadband often requires initial installation and activation fees, which may create switching constraints³³.

Table 9. Maximum commercial retail broadband speeds in Sri Lanka

Technology	Provider	Max Download Speed	Max Upload Speed	Source
ADSL (xDSL)	Mobitel	Up to 16–24 Mbps	Up to 1–3 Mbps	https://www.slt.lk/en/broadband
Fibre (FTTx)	Mobitel DBN	Up to 1,000 Mbps (1 Gbps)	~300–400 Mbps	https://www.slt.lk/en/broadband/packages https://www.dialog.lk/home-broadband/fibre
Fixed Wireless (LTE / 4G)	Mobitel DBN	Up to ~100 Mbps	~10 Mbps	https://www.slt.lk/en/broadband
Satellite (LEO)	Starlink	~250–300+ Mbps	~20–40 Mbps	https://www.starlink.com/lk/residential
Mobile Broadband (4G LTE)	MNO	Up to ~150–300 Mbps (peak)	~20–50 Mbps	Operators in Sri Lanka typically do not disclose explicit numeric maximum speeds per mobile data plan on their public pages, focusing instead on technology capabilities (4G/5G availability, coverage, etc.)
Mobile Broadband (5G)	Dialog Mobitel	Maximum theoretical up to 20 Gbps	Maximum theoretical up to 10 Gbps	Operators in Sri Lanka typically do not disclose explicit numeric maximum speeds per mobile data plan on their public pages, focusing instead on technology capabilities (4G/5G availability, coverage, etc.)

³³ E.g. Connection fees amount to LKR 12,500 for Dialog fibre and LKR 6,990 for FWA. For Mobitel, connection charges typically range between LKR 12,500 and LKR 20,000, depending on the service. Additional charges may apply for terminal equipment, such as Wi-Fi routers.

According to data from the Speedtest by Ookla Global Index (**Figure 20**), mobile and fixed broadband in Sri Lanka exhibit distinct performance profiles, which further support the conclusion of limited demand-side substitutability. As of January 2026:

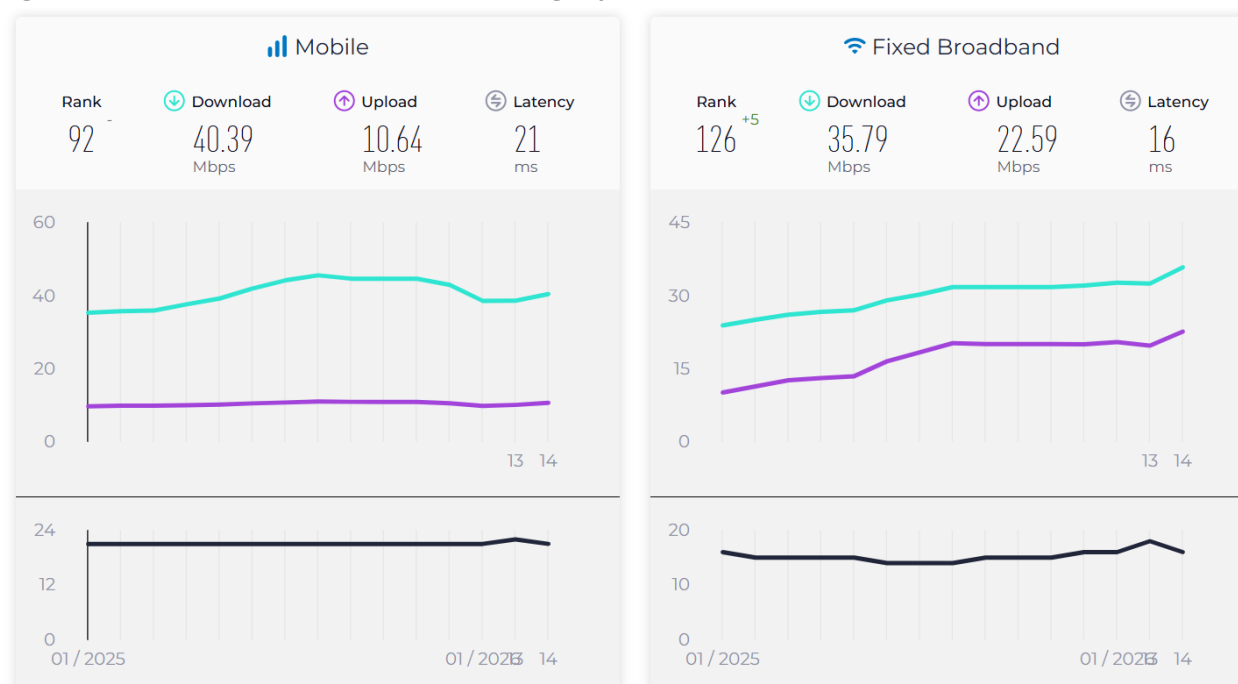
- **Mobile broadband** recorded median download speeds of 40.39 Mbps, upload speeds of 10.64 Mbps, and median latency of 21 ms.
- **Fixed broadband** recorded median download speeds of 35.79 Mbps, upload speeds of 22.59 Mbps, and median latency of 16 ms.

Although mobile broadband currently exhibits slightly higher median download speeds, fixed broadband retains advantages in upload performance, latency, and quality stability. These technical characteristics align with differentiated usage patterns:

- Mobile broadband is well suited for individual, mobility-oriented, and moderate data usage.
- Fixed broadband remains more appropriate for shared household connectivity, high-volume data consumption, and upload-intensive or latency-sensitive applications.

Therefore, the performance data further support the conclusion that fixed and mobile broadband services are not close substitutes from a demand-side perspective. The observed technical parameters reinforce the view that each technology serves partially overlapping but economically distinct user segments within the Sri Lankan market.

Figure 20. Fixed and mobile broadband average speeds, 2025



Source: [Sri Lanka's Mobile and Broadband Internet Speeds - Speedtest Global Index](#)

Substitution of mobile broadband for fixed broadband (both wireline and fixed wireless) is therefore possible only to a limited extent and mainly in specific user segments (e.g. lower-usage or price-sensitive consumers). While mobile hotspot functionality and tethering facilitate sharing (new easily used software and smart phones or mobile dongles make sharing of mobile broadband much easier now), mobile broadband remains primarily a personal service, whereas fixed broadband is typically a household-level service shared across multiple users and devices.

Fixed broadband access cannot constitute a full demand-side substitute for mobile broadband services, as it does not provide mobility. Although fixed broadband may allow limited nomadic use (i.e. access from different fixed locations), during any given session the user remains bound to a specific physical access point and does not achieve the continuous, seamless mobility inherent to mobile network access. Conversely, while mobile broadband can be used at a fixed location, it does not replicate the stability, capacity, upload performance and multi-user functionality typically associated with fixed broadband access, particularly fibre-based services.

Individuals using smartphones can also access local Wi-Fi networks connected to fixed broadband infrastructure. While a price increase in mobile broadband may lead to greater reliance on Wi-Fi where available, Wi-Fi access is geographically confined, performance depends on local congestion, and connectivity is lost once the user leaves the coverage area. Wi-Fi therefore constitutes a complementary means of access rather than a substitute for mobile broadband.

In the event of a SSNIP in fixed broadband services, there would not necessarily be rapid or significant migration to mobile broadband services. Similarly, a SSNIP in mobile broadband services would not necessarily result in substantial switching to fixed broadband, given the different functional characteristics and usage patterns of the two services.

On this basis, fixed and mobile broadband services do not constitute close substitutes from a demand-side perspective in Sri Lanka during the review period. The competitive interaction between the two technologies appears limited and segment-specific, rather than indicative of inclusion within the same relevant product market.

To conclude, while mobile broadband (including 4G/5G deployments) may exert a competitive constraint on fixed broadband for certain user segments (particularly single-user households, prepaid users, or customers in areas without fibre availability), technical, capacity, performance, mobility and usage characteristics continue to differentiate the two services. Accordingly, mobile broadband remains a distinct relevant product market from fixed broadband from a demand-side substitutability perspective.

➤ **Access to mobile broadband services via different technologies**

In defining the retail mobile broadband market, it is necessary to consider whether there is any basis for differentiation according to the technology over which mobile broadband services are delivered. Over the market review period, retail mobile broadband services in Sri Lanka have been provided over a range of technologies, including 3G, 4G/LTE, and, on a limited basis, 5G. 2G technology is not included within the scope of this market, as it primarily supports voice and basic data services (e.g. SMS and low-speed GPRS/EDGE) and does not provide broadband data capabilities consistent with modern internet access.

The Sri Lankan telecommunications sector is undergoing a progressive transition towards 4G and 5G, with operators seeking to re-farm 3G spectrum in order to improve broadband capacity and performance. All three mobile network operators provide nationwide 4G/LTE coverage, while 3G networks are largely maintained for legacy and transitional purposes. Dialog and Mobitel have launched commercial 5G services following the completion of the national 5G spectrum auction and licence awards in 2025, with deployment currently focused on selected geographic areas. While 5G coverage remains limited at present, the market analysis is forward-looking, and further expansion of 5G coverage over the review period is reasonably foreseeable.

Mobile subscriptions are differentiated according to data usage and price, but not according to specific mobile technology. End-users do not subscribe separately to 3G, 4G or 5G services. The technology used at any given time depends on network availability, device compatibility and SIM capability rather than on active consumer choice. Other factors besides technology may also affect the experienced speed and quality. For example, the number of users connected to the relevant base station and the topographical conditions where the user is located will affect performance. As mobile networks are progressively upgraded, services are provided in a technology-neutral manner, and users may seamlessly transition between network generations during a single session. In a forward-looking analysis, it is reasonable to assume that 5G will remain backward-compatible and integrated into existing mobile service bundles.

Accordingly, from the demand-side perspective, retail mobile broadband services delivered over different mobile network technologies (3G, 4G and 5G) are substitutable and form part of the same retail mobile broadband market.

➤ **Publicly available satellite services**

Satellite-based networks can also provide voice and data services, either directly by the satellite operators or by service providers utilizing satellite capacity on a wholesale basis.

In Sri Lanka Dialog is authorized to provide Thuraya satellite services and these services, which were available during the market review period.³⁴ However, based on information available to TRCSL, usage of these services is extremely limited, with the cumulative number of subscribers remaining below 100 as of September 2025. While satellite-based networks can technically provide voice and data connectivity, particularly in remote or underserved areas, their use is constrained by high end-user equipment costs (e.g. satellite handsets or terminals), significantly higher service prices, and more complex installation and operational requirements compared to terrestrial mobile services. As a result, satellite services are typically used in niche use cases (e.g. maritime, disaster recovery, or extreme rural coverage) rather than as a mass-market alternative to mobile access. Consequently, even a small but significant non-transitory increase in the price of mobile access services would be unlikely to induce consumers to switch to satellite-based solutions.

In July 2025, Starlink commenced commercial broadband operations in Sri Lanka following licensing by the TRCSL to provide broadband services using the Starlink satellite system. As of the end of 2025, Starlink had

³⁴ - [Thuraya Mobile Satellite Communications Company](#)

XX subscribers, of which XX were using the portable “Roam” package. Starlink is primarily positioned as a fixed or nomadic broadband solution for locations with limited terrestrial connectivity. Standard (residential) LEO services are priced and structured more similarly to fixed broadband than to mobile data bundles and are typically used as primary household connections.

From a demand-side perspective, LEO-based broadband does not constitute a close substitute for retail mobile broadband services. The two services differ fundamentally in terms of mobility and usage. Mobile broadband provides continuous, personal connectivity with inherent mobility and no installation requirements. By contrast, LEO broadband requires dedicated satellite equipment, involves significant upfront costs³⁵, and during an access session the user remains location-bound. Even the Starlink Roam³⁶ package—designed for portable use across wide areas and enabling connectivity at different locations without permanent installation—does not provide the seamless, cell-based mobility and continuous handover characteristic of terrestrial mobile networks.

A small but significant price increase in mobile broadband services would therefore not typically induce users to switch to Starlink broadband, given the equipment requirements, higher cost structure, and functional differences. Conversely, a price increase in Starlink services would not generally induce switching to mobile broadband, particularly in areas where mobile coverage is limited or capacity-constrained.

Accordingly, satellite-based broadband services, including LEO offerings, *are not considered as demand-side substitutes for retail mobile broadband services and do not form part of the same relevant market.*

Conclusion on demand-side substitutability. Traditional mobile voice/SMS services, fixed broadband (including FWA) and satellite services access do not constitute effective demand-side substitutes for retail mobile broadband, due to differences in mobility, capacity, performance characteristics and usage patterns, and therefore exert only limited competitive pressure. Mobile broadband services delivered over different network technologies (3G–5G) are fully substitutable at the retail level and form a single, technology-neutral market. Accordingly, retail mobile broadband services constitute a distinct relevant product market for the purposes of competition analysis.

7.3. Supply-side substitutability

Supply-side substitutability assesses whether providers not currently offering retail mobile broadband services could begin supplying such services quickly and at low cost, without incurring significant additional investments or facing material regulatory or contractual constraints. In other words, it examines whether alternative suppliers could quickly and at low cost enter the retail mobile broadband market in response to a price increase by existing providers.

From this perspective, supply-side substitution into retail mobile broadband services is limited. The provision of retail mobile broadband requires access to mobile network infrastructure, including licensed spectrum, radio access networks, core network capabilities, numbering resources, and interconnection

³⁵ Starlink Standard Kit - LKR 118,000 and Mini Kit - LKR 69,000

³⁶ [Starlink | Roam](#)

arrangements. These requirements create high barriers to entry and cannot be met rapidly or at low cost by providers not already active in mobile access markets. Key potential substitutes:

- **MVNOs (Mobile Virtual Network Operator):** MVNOs could, in principle, offer retail mobile broadband services if they are able to secure effective wholesale access to mobile networks. However, the feasibility of such entry depends on the existence of an enabling regulatory framework and the availability of commercially viable wholesale agreements with mobile network operators. In the absence of mandated access or established wholesale arrangements, MVNO entry cannot be assumed to occur rapidly or at low cost and therefore does not constitute effective supply-side substitutability.

At present, no MVNOs are active in Sri Lanka, and there is no established MVNO regulatory regime. The TRCSL previously conducted a public consultation on the introduction of MVNOs in 2015³⁷, but this process did not result in the adoption of a dedicated regulatory framework or the launch of commercial MVNO services. From a legal and regulatory perspective, a potential MVNO could, potentially, seek authorization by obtaining a telecommunications licence under Section 17B of the Sri Lanka Telecommunications Act. Such a licence would grant the right to engage in these telecommunications activities but would not in itself ensure access to mobile networks, as all wholesale arrangements would still need to be negotiated bilaterally with MNOs. These negotiations are typically time-consuming, uncertain, and do not guarantee successful market entry.

Entry by MVNOs would also be subject to licensing and compliance requirements, including the payment of licence fees and other regulatory obligations such as compliance with tariff-related requirements, including tariff filing or approval by the regulator. The licence fee for providing telecommunications services through telecommunications system operator infrastructure is LKR 1 million (excl. taxes), with a standard licence duration of five years. These regulatory requirements, combined with the need to negotiate wholesale access agreements, imply that MVNO entry could not occur rapidly or at low cost.

All MNOs confirmed that they had not received any formal MVNO access requests during the market review period. While some international MVNOs expressed informal interest in the past, the absence of a clear MVNO framework and wholesale access provisions meant that these opportunities were not pursued. The continued absence of MVNOs therefore suggests that competitive pressure in the retail mobile services market is exerted predominantly by mobile network operators (MNOs) themselves, rather than by potential wholesale-based entrants.

Accordingly, while MVNOs could theoretically supply retail mobile broadband services, the conditions outlined above indicate that MVNOs do not constitute an effective source of supply-

³⁷ [Public Consultation : Telecommunications Regulatory Commission of Sri Lanka](#)

side substitutability for retail mobile broadband services in Sri Lanka and therefore do not justify widening the relevant market beyond existing MNOs.

- **Fixed operators and ISPs:** Fixed operators offering fixed broadband services (though xDSL, FTTx and FWA) are not able to supply retail mobile broadband services without access to mobile spectrum, mobile radio access and core network infrastructure, or regulated wholesale mobile access arrangements, typically through an MVNO agreement. Entry into mobile broadband provision would therefore require substantial additional investments, including the acquisition of spectrum licences, associated with significant upfront fees, and the deployment or leasing of mobile network infrastructure, none of which can be achieved quickly or at low cost.

In addition, the Sri Lankan licensing framework clearly distinguishes between fixed and mobile telecommunications systems: licences are issued separately, and a licence for a fixed telecommunications system does not authorise the provision of mobile services. A fixed operator or ISP seeking to enter the mobile broadband market would therefore be required to obtain a mobile telecommunications system licence, which entails a licence fee of LKR 600 million (excluding taxes), a standard licence duration of 10 years, and the payment of ongoing annual spectrum fees, determined in accordance with the methodology set by the TRCSL. Alternatively, fixed operators or ISPs could obtain a service licence pursuant to Section 17B of the Act and rely on MNO infrastructure to provide retail mobile broadband services. However, in the absence of an established MVNO regulatory framework or mandated wholesale access obligations, such entry would depend on commercially negotiated agreements and cannot be regarded as readily achievable. The same considerations apply to satellite broadband service providers. Accordingly, fixed operators and ISPs cannot be considered as credible supply-side substitutes for the provision of retail mobile broadband services.

- **OTT providers:** From a supply-side substitutability perspective, retail mobile broadband services and OTT-based services are fundamentally distinct and not substitutable. The provision of retail mobile broadband services requires access to a mobile network, including licensed radio spectrum, radio access and core network infrastructure, backhaul capacity, national numbering resources where applicable, and regulated interconnection arrangements. In addition, mobile broadband providers are subject to sector-specific regulatory obligations, including licensing requirements, quality-of-service standards, compliance with spectrum management and consumer protection rules. These requirements entail substantial sunk investment and regulatory compliance costs and cannot be met rapidly or at low cost by providers not already active in the mobile telecommunications sector.

By contrast, OTT providers operate over the public internet and rely on broadband connectivity—fixed or mobile—as an input rather than supplying access services themselves. OTT services, OTT services, in their standard form, are application-based and delivered over third-party connectivity. As a result, the technical architecture, regulatory status, and cost structure of OTT services differ fundamentally from those of retail mobile broadband services. In Sri Lanka, as in many other jurisdictions, OTT providers do not fall within the scope of traditional telecommunications sector regulation applicable to network operators.

TRCSL acknowledges the growing importance of OTT traffic across telecommunications networks and the increasing role of OTT platforms within the broader digital ecosystem. However, the existing legal framework and prevailing international regulatory practice indicate that any policy considerations relating to OTT services are more appropriately addressed through horizontal or cross-sector regulatory frameworks, rather than through telecommunications-specific access regulation. In this context, OTT services do not constitute a source of supply-side substitutability for retail mobile broadband services.

Moreover, the relationship between mobile network operators and OTT providers is primarily complementary rather than substitutive. OTT services generate demand for broadband connectivity, while mobile network operators provide the underlying access infrastructure that enables OTT usage. This complementary relationship confirms that OTT providers operate at a different level of the value chain and are not alternative suppliers of mobile broadband access.

These structural and regulatory differences imply that providers cannot readily switch between supplying OTT services and retail mobile broadband access in response to market conditions. On this basis, OTT services do not exert a supply-side competitive constraint on retail mobile broadband services and do not justify widening the relevant product market. They represent a distinct economic activity, operating under a different regulatory framework and business model, and cannot be considered a substitute source of supply for regulated retail mobile broadband services.

Conclusion on supply-side substitutability. Retail mobile broadband services constitute a distinct relevant product market. Fixed operators, ISPs, satellite broadband providers and OTT providers cannot readily supply retail mobile broadband services without access to licensed mobile spectrum, mobile network infrastructure and, where applicable, regulated wholesale mobile access arrangements. In addition, an appropriate licence to provide mobile broadband services would be required from the competent authority (the Ministry or the TRC, depending on the licence category). Entry by such providers would therefore not be timely, likely or cost-effective in response to a price increase in retail mobile broadband services.

7.4. Geographical scope of the market

Once the relevant product market has been defined, the Commission proceeds to determine the geographic scope of the market. In line with Competition Rules, paragraph 7.6.6.1, the geographic scope of a relevant market is generally presumed to be national, unless a specific assessment demonstrates materially distinct competitive conditions at local or regional level. No such conditions are present in the retail mobile voice market in Sri Lanka.

The legal and regulatory framework applicable to retail mobile broadband services is uniform across the entire territory of Sri Lanka. Licensing conditions, regulatory obligations, consumer protection rules, and tariff oversight apply on a nationwide basis and do not vary by region.

In addition, the right to use radio spectrum for MNOs is granted on a national basis. Spectrum licences include obligations to provide nationwide coverage, and mobile network operators deploy and operate

their networks under nationally defined licence conditions. Competition therefore takes place on a national footprint, rather than on isolated local or regional markets.

Furthermore, retail offerings and tariffs are not geographically differentiated. MNOs do not apply region-specific pricing, service conditions, or product differentiation for mobile broadband services. Retail tariffs and commercial terms are offered uniformly nationwide, allowing consumers to access the same mobile broadband products irrespective of their location.

Finally, there is no evidence of material geographic variation in either pricing or product quality that would justify the definition of sub-national markets. While coverage levels may vary to some extent between urban and rural areas, these differences do not give rise to distinct competitive conditions or differentiated consumer choice.

On this basis, and consistent with the Competition Rules, 2024 the **relevant geographic market for retail mobile broadband services is national in scope, covering the entire territory of Sri Lanka.**

7.5. Three Criteria Test

Criterion 1. The presence of substantial and persistent barriers to entry

The first criterion of the test requires an assessment of whether significant structural, legal, or regulatory barriers prevent effective entry into the retail mobile broadband market.

Regulatory and legal barriers. Provision of retail mobile broadband services requires a valid telecommunications system licence under Section 17 of the Sri Lanka Telecommunications Act or a service licence under Section 17B. The issuance of a system licence is subject to ministerial discretion, while TRCSL is empowered to issue certain service licences. Mobile telecommunications system licences are granted for ten-year periods and require substantial upfront payments (LKR 600 million for the licence term), in addition to compliance with ongoing regulatory obligations, including tariff filing and regulatory oversight of retail offers. A Section 17B service licence is granted for a five-year period and is subject to a licence fee of LKR 1 million but is more restrictive in terms of the activities it authorises. In all cases, retail mobile broadband tariffs, including bundled data packages and promotional offers, are subject to prior approval and cost justification. These licensing, procedural, and compliance requirements constitute significant legal and regulatory entry barriers.

Structural barriers: access to scarce radio spectrum. Effective entry into mobile broadband services critically depends on access to scarce radio spectrum. Spectrum assignments are limited in availability, allocated administratively or through competitive processes, and granted for long durations. Recent awards indicate that a 100 MHz block in the 3.5 GHz band was priced at approximately LKR 5,175 million, in addition to annual spectrum monitoring fees.

The high upfront cost, scarcity, and long-term assignment of spectrum create structural barriers that cannot be rapidly overcome by potential entrants. Without access to suitable spectrum bands (including low-, mid-, and high-band spectrum for coverage and capacity), entry into 4G and 5G mobile broadband markets is not feasible.

Structural barriers: sunk investments and economies of scale. Beyond spectrum acquisition, entry requires substantial sunk investments in:

- Radio access network (RAN) infrastructure (base stations),
- Core network elements,
- Backhaul and transmission networks,
- Power systems and civil works,
- IT systems and customer platforms.

TRCSL data indicate that establishing a single mobile tower site in Sri Lanka costs approximately LKR 40-45 million (around USD 130,000 -150,000). Nationwide competition requires deployment at scale.

Table 10. Mobile network infrastructure and coverage indicators by operator

	Dialog	Mobitel	Hutch
Number of operated sites	5468	4256	2843
Coverage at least 4G, population	99%	97.8%	94%
Coverage at least 4G, land area	91%	79.2%	67.1%

These levels of nationwide infrastructure reflect very high sunk and irreversible costs. A new entrant would need to replicate extensive coverage and capacity to compete effectively in mobile broadband, particularly given the increasing data traffic driven by video streaming, social media, and OTT applications.

Mobile broadband networks exhibit pronounced economies of scale and scope. The marginal cost of carrying additional data traffic is relatively low once capacity is installed, allowing large operators to spread fixed network costs across millions of subscribers and high data volumes. Established operators therefore benefit from lower average costs than any new entrant could achieve in the initial phase. This cost asymmetry reinforces structural barriers to entry.

Limited effectiveness of wholesale-based entry. Wholesale-based entry (e.g., MVNO models, national roaming, or active infrastructure sharing) could theoretically lower entry barriers. However, Sri Lanka does not currently have an operational MVNO framework. Although national roaming is foreseen in licensing conditions, it has not materialised in practice. Infrastructure sharing arrangements are primarily limited to passive sharing under the Infrastructure Sharing Rules.

In the absence of a functioning MVNO regime or mandated active access products, service-based entry cannot be considered a realistic, timely, or effective route to market. Accordingly, wholesale options do not materially reduce entry barriers in the retail mobile broadband market.

Impact of OTT and alternative technologies. OTT applications rely on underlying broadband connectivity and therefore do not reduce barriers to entry into the retail mobile broadband market itself. Similarly, while fixed broadband and satellite broadband may provide alternative internet access, they do not eliminate the need for licensed spectrum, nationwide radio access infrastructure, and mobility capabilities required to offer mobile broadband services.

Accordingly, substantial and persistent structural and regulatory barriers to entry exist in the retail mobile broadband market in Sri Lanka. These barriers are unlikely to diminish within the relevant forward-looking timeframe. **The first criterion is therefore met.**

Criterion 2. The market is not tending towards effective competition

The second criterion assesses whether, despite high entry barriers, the market shows a clear tendency towards effective and sustainable competition within three to five years.

Market dynamics and structure. The Sri Lankan mobile market has experienced consolidation rather than entry. No new mobile network operators have entered during the review period, and there are no credible MVNO initiatives. Market concentration remains high, and structural developments have strengthened the position of the largest operator rather than led to rebalancing.

Figure 21. Market share dynamics and the level of concentration -HHI 2022–2025

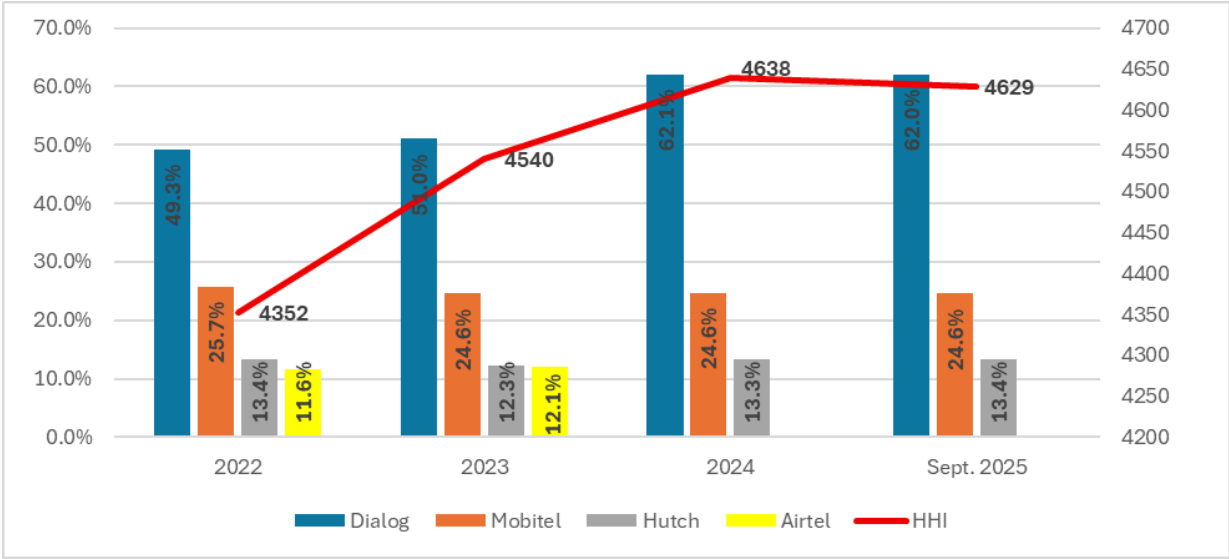
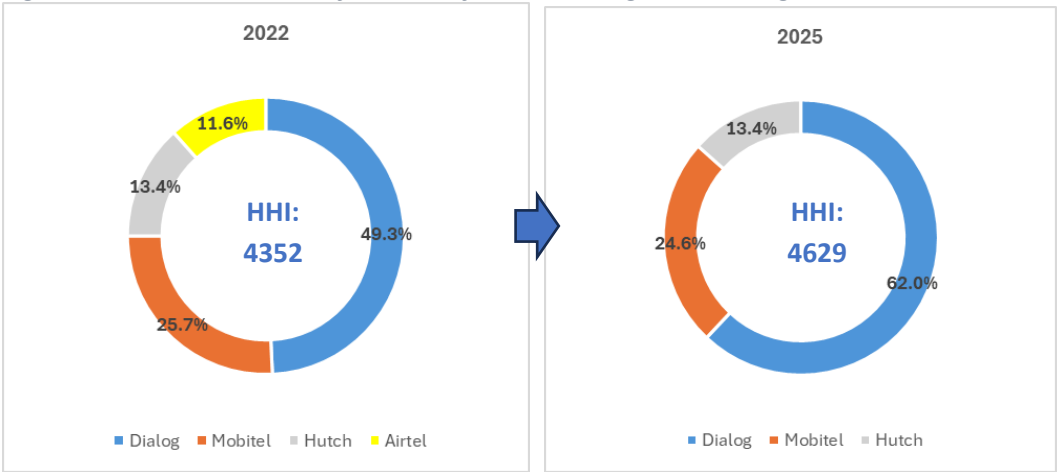


Figure 22. Market shares before and after the Dialog–Airtel merger



The absence of credible entry, combined with stable market shares and spectrum concentration, indicates limited structural change in competitive conditions.

Switching costs and lock-in mechanisms. Approximately 95% of mobile subscribers use prepaid services. While prepaid subscriptions do not involve formal contractual lock-in, effective switching is constrained by:

- Absence of number portability, which discourages switching due to number-linked digital services (banking apps, authentication, social media);
- Multi-SIM behaviour, which often reduces usage rather than triggers full switching;
- Bundled data packages, reload-linked bonuses, and app-specific allowances that create behavioural lock-in;
- Customer inertia and established usage patterns.

Postpaid subscribers face additional contractual lock-in through minimum commitment periods and device bundling arrangements. These factors reduce effective competitive pressure and limit the disciplining effect of churn.

Subscribers' tenure and churn rates. Subscriber tenure data indicate asymmetric customer loyalty across operators. MNOs data show that Mobitel has the most stable customer base, with XX% of subscribers connected for less than 12 months and XX% connected for more than 36 months. Comparable figures for Dialog indicate XX% below 12 months and XX% above 36 months, while Hutch shows a higher proportion of short-tenure customers (XX% below 12 months) and a lower share of long-standing subscribers (XX% above 36 months). Asymmetric subscriber loyalty reinforces existing market shares and constrains the development of effective competition.

Although churn rates vary significantly across operators, the concurrent growth in total subscriber numbers and the high proportion of reconnections indicate that churn largely reflects replacement and reactivation dynamics, rather than effective switching between operators. For example, while Dialog records the highest number of permanent disconnections, it also reports the highest number of reconnections and new connections, suggesting that a substantial share of churn is circular rather than competitive in nature. Accordingly, churn does not constitute a strong competitive constraint and does not signal a tendency towards effective competition.

Pricing and tariff regulation. Retail mobile broadband tariffs require prior approval by the TRCSL. Operators cannot introduce or modify data tariffs and bundles without regulatory clearance. While this framework aims to prevent excessive pricing, it also limits dynamic price competition and rapid competitive responses.

Retail data offers across operators exhibit structural similarity, with competition primarily occurring through variations in bundle composition, validity periods, and application-specific data allowances rather than through sustained price undercutting (Annex 2). This regulatory and pricing environment does not indicate a movement towards intensified competitive rivalry.

On the basis of the above, there is no clear evidence that the retail mobile broadband market is tending towards effective and sustainable competition within the relevant forward-looking timeframe. **The second criterion is therefore satisfied.**

Criterion 3. Insufficiency of competition law alone

Sri Lanka does not have a cross-sectoral competition authority with economy-wide jurisdiction. Competition issues in telecommunications are addressed primarily through the Competition Rules, 2024, administered by TRCSL.

Part II of the Competition Rules provides for ex post intervention. However, ex post tools are inherently reactive and address conduct after harm has occurred. In markets characterised by high structural entry barriers, spectrum concentration, and durable cost asymmetries, ex post enforcement alone is insufficient to remedy structural market failures or prevent the exercise of market power.

The retail mobile broadband market exhibits:

- Concentrated spectrum holdings,
- Control over nationwide infrastructure that is not easily duplicated,
- Strong economies of scale and scope,
- Limited credible entry pathways.

These characteristics are structural and persistent. Reliance solely on ex post enforcement would not provide timely or predictable safeguards against potential anti-competitive conduct, such as margin squeeze, discriminatory data practices, or leveraging of dominance across related markets.

Accordingly, competition law and competition-related rules alone are insufficient to address the identified market failures. **The third criterion is therefore fulfilled.**

Conclusion. On the basis of the above assessment, it is concluded that the retail mobile broadband market in Sri Lanka satisfies all three criteria of the three-criteria test. The market is characterized by high and persistent barriers to entry, does not tend towards effective and sustainable competition, and competition law or competition-related rules alone are insufficient to address the identified market failures. Accordingly, the application of ex ante sector-specific regulation is justified.

VIII. Assessment of competition in the retail mobile broadband market in Sri Lanka

As defined by Section 9 of Competition Rules, the purpose of market analysis conducted by the Commission is to determine whether the relevant market is genuinely competitive. This includes identifying whether any authorized entities possess significant or joint significant market power within that market. To conduct the task the TRCSL shall assess a combination of criteria set in the Competition Rules.

8.1. Market share

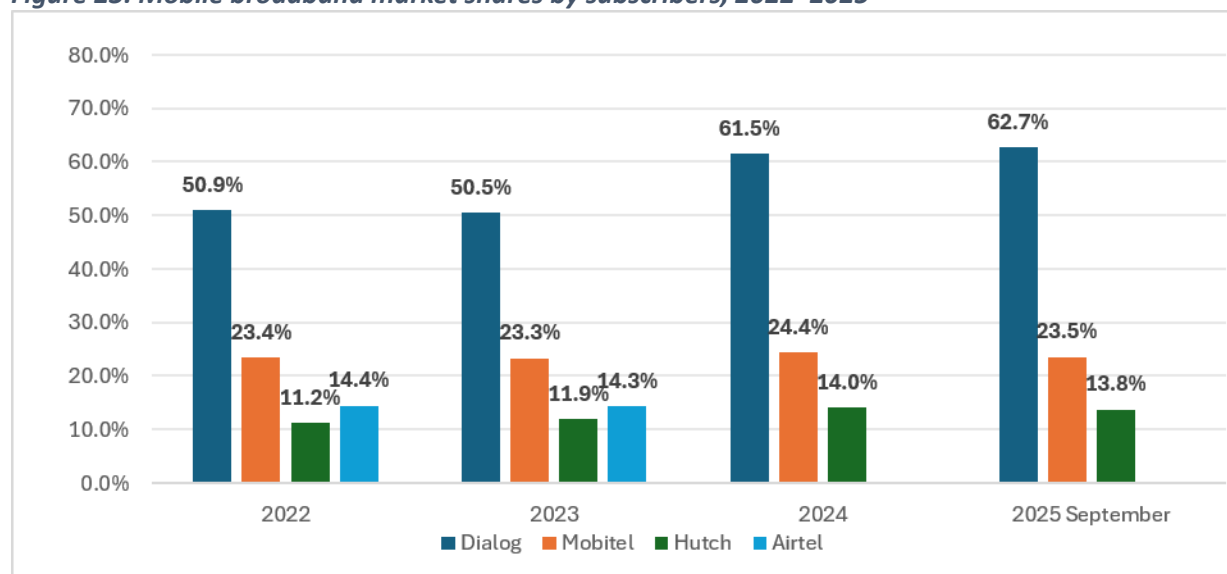
A key measure for competition assessment is the market share, typically based on revenue, subscribers, production units, or network size. An entity with a market share of 50% or more is likely seen as having significant power, while less than 35% likely indicates minimal power. The historical progression of market shares also provides insights into the market's competitive nature. For the evaluation of market share in retail mobile broadband three aspects are evaluated.

- . Market share by subscribers.
- . Market share by revenues.
- . Originated data traffic (in Gb).

For the purpose of assessing market shares in the retail mobile broadband services market, all subscribers with access to mobile data services are taken into account, including data-only subscribers and subscribers to bundled voice-and-data packages (combo subscribers). The same principle applies to revenue calculations. This approach reflects the market reality where data services are predominantly consumed within bundled packages. Excluding bundled subscribers or associated revenues artificially narrow the market and underestimate operators' competitive positions. Accordingly, including the full subscriber and revenue base ensures that market shares accurately capture the overall economic activity and competitive dynamics of the retail mobile broadband market.

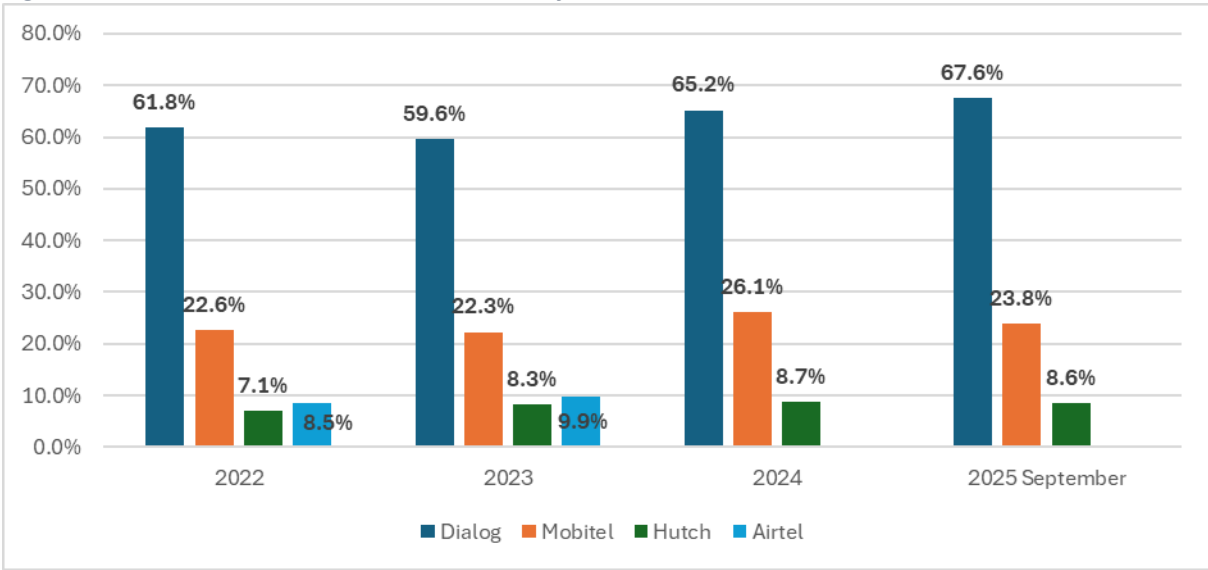
Figure 23 illustrates the evolution of subscriber-based market shares over the period 2022 to September 2025. Dialog maintains the leading position throughout the period. Its market share remains relatively stable in 2022 (50.9%) and 2023 (50.5%), before increasing significantly to 61.5% in 2024 as a result of the Dialog–Airtel merger, and further to 62.7% by September 2025. This development reflects a substantial strengthening of Dialog's competitive position in the latter part of the review period and a structural shift in market concentration following consolidation.

Figure 23. Mobile broadband market shares by subscribers, 2022–2025



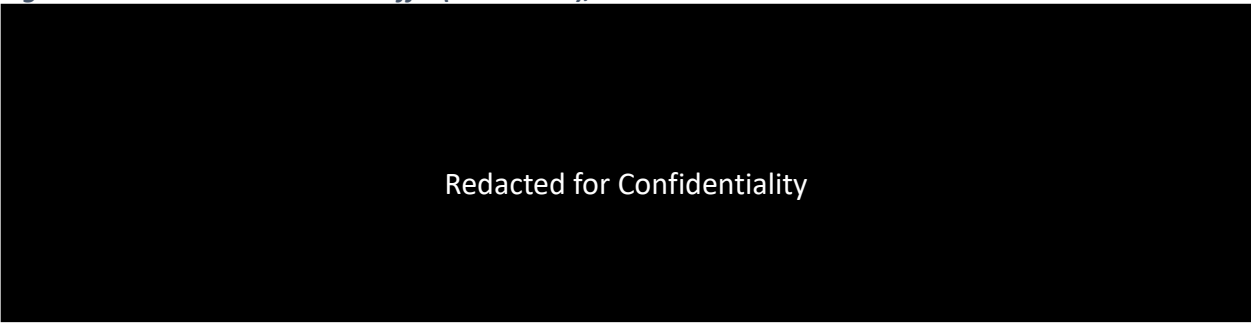
The revenue-based market shares (**Figure 24**) confirm the earlier findings of increasing market concentration. Dialog’s share rises from 61.8% in 2022 to 67.6% by September 2025, reflecting strengthened monetisation capacity following the Dialog–Airtel merger. At the same time, Mobitel’s and Hutch’s relatively modest position indicate limited ability to offset the growing asymmetry in the market. Overall, the revenue trends reinforce the conclusion that competitive conditions have become more concentrated over the review period.

Figure 24. Mobile broadband market shares by revenues, 2022–2025



Mobile voice traffic increased across all operators over the period 2022–2024. However, Dialog’s traffic growth is significantly stronger than that of Mobitel and Hutch, resulting in a widening gap between the leading operator and its competitors. While Mobitel and Hutch show moderate increases, their growth remains comparatively limited. This widening gap in traffic volumes supports the finding that market concentration has strengthened over the review period and that competitive pressure on the leading operator remains limited.

Figure 25. Mobile broadband traffic (million GB), 2022–2024



At the end of September 2025, Dialog accounted for 62.7% of the retail mobile broadband market by subscribers and 67.6% by revenues. This dual strength in both volume and monetisation reflects a structurally dominant market position and suggests a high degree of market concentration, with limited competitive constraints from smaller operators. From a regulatory market analysis perspective, such

sustained and elevated market shares – particularly exceeding the 50% benchmark – create a strong presumption of significant market power. The widening gap between Dialog and the next largest operator further suggests limited competitive constraint and reinforces the conclusion that the market exhibits a high and increasing degree of concentration. In the absence of countervailing structural factors, these indicators are consistent with the existence of SMP in the retail mobile broadband market.

8.2. Other SMP criteria

While market share constitutes an important indicator, the assessment of SMP is based on a broader set of structural and behavioural criteria. The criteria examined in the retail mobile voice market analysis apply equally to the retail mobile broadband market. A detailed assessment is set out in Sections 6.2-6.9.

8.3. Conclusions

Based on the cumulative assessment of market shares, infrastructure control, spectrum distribution, financial strength, economies of scale and scope, vertical integration, and barriers to entry and expansion, the evidence indicates the presence of sustained structural advantages that are unlikely to be eroded within the forward-looking review period. Dialog’s persistently high and increasing market shares in the retail mobile broadband market (62.7% by subscribers and 67.6% by revenue), combined with its extensive infrastructure footprint, concentrated broadband spectrum holdings, financial capacity, and multi-service integration, demonstrate both the ability and incentive to behave to an appreciable extent independently of competitors, customers, and ultimately consumers.

At the same time, competitive constraints from existing operators remain limited, potential entry appears unlikely, and structural asymmetries—particularly in spectrum depth, investment capacity, and scale efficiencies—further reduce the prospect of effective competitive pressure emerging in the near term. Under Section 9 of the Competition Rules, 2024, an operator holds significant market power where it enjoys a position of economic strength affording it the ability and incentive to behave, to an appreciable extent, independently of competitors, customers and ultimately consumers. In the absence of countervailing factors sufficient to offset these advantages, the overall evidence supports a finding that **Dialog holds SMP in the relevant retail mobile broadband market.**

IX. Identification of competition problems and review of current regulation

The following competition concerns have been identified in Sri Lanka based on the basis of stakeholder submissions and the market analysis:

- **Risk of cross-subsidisation, limited accounting separation, and lack of verifiable cost justification.** Concerns have been raised regarding the risk of cross-subsidisation, particularly in the absence of effectively enforced accounting separation obligations. As a vertically integrated operator with strong positions across mobile, fixed, and enterprise segments, Dialog may have both the ability and the incentive to support aggressive retail offers in more competitive segments

by relying on revenues from less competitive parts of its business. Although accounting separation is required under the licence conditions, it does not appear to be effectively enforced in practice³⁸.

- **Tariff approval framework and limited pricing flexibility.** The application of uniform tariff-filing and approval procedures to all operators, irrespective of market position, disproportionately affect challenger brands. Lengthy approval timelines reduce their ability to respond promptly to changing market conditions and to competitive offers. More generally, legal requirements to file and obtain approval for all tariffs impose a disproportionate burden on smaller and more innovative operators.
- **Post-merger operation of two sub-brands.** The post-merger operation of two sub-brands by the same operator group (Dialog and Airtel) enables differentiated pricing strategies across prefixes and customer segments, as Airtel's pre-merger tariffs remain in effect. Such differentiation may not necessarily reflect underlying cost differences and may strengthen the operator group's ability to segment the market and target competing offers more strategically.
- **Absence of number portability.** The absence of number portability increases switching costs for consumers, reinforces network effects, and may entrench incumbency advantages by reducing customer churn and weakening competitive pressure.

Current regulation of retail mobile voice and mobile broadband services. Retail mobile voice and mobile broadband services in Sri Lanka remain subject to ex ante tariff regulation under the Sri Lanka Telecommunications Act. Section 6A(6) of the Act provides that an operator or service provider shall not provide any telecommunication service without obtaining prior approval of the relevant tariff plan from the Commission. Section 6A(1) further stipulates that the Commission shall approve or determine tariffs based on the principles that: (a) tariffs shall be non-discriminatory; and (b) tariffs shall be cost-oriented, with cross-subsidisation to be eliminated in general.

Under the Sri Lanka Telecommunications Act, no person is authorized to operate a telecommunications system or to provide infrastructure services, telecommunications services, or cable landing station facilities in Sri Lanka without a licence. Licence conditions set out the specific rights and obligations applicable to each licensee. Issued licences explicitly restrict cross-provisioning of services: a mobile licence does not authorise the provision of fixed telecommunications services, and a fixed licence does not authorise the provision of mobile services.

Under Part V (Commercial Obligations), paragraph 19 of the licence conditions requires licensed operators to lodge tariff notices with the TRCSL and to provide services strictly in accordance with the charges, terms, and conditions approved by the Commission. Operators are prohibited from deviating from approved tariffs without prior written approval. Furthermore, paragraph 20 requires operators to maintain separate accounts for licensed and non-licensed activities, thereby supporting regulatory oversight and limiting the risk of cross-subsidisation between regulated and non-regulated services.

³⁸ The regulator is not in a position to verify whether the costs underlying certain retail offers are objectively justified.

Accordingly, retail pricing for mobile voice and mobile broadband services remains subject to regulatory oversight and prior approval.

However, this form of symmetric ex ante regulation, which applies equally to all licensed operators, does not in itself eliminate structural differences in market position. In particular, symmetric tariff regulation may limit overt price discrimination but does not prevent advantages arising from lower underlying cost structures, superior network coverage, or stronger brand positioning. Nor does it necessarily mitigate potential competitive concerns related to vertical integration, bundling strategies, or the leveraging of upstream assets.

On the contrary, smaller operators may face comparatively limited commercial flexibility when competing against an operator with significant market power. Uniform tariff-filing and prior approval requirements can constrain rapid price responses and innovative tariff design.

Stakeholders have expressed the view that the uniform application of regulatory and tariff-filing requirements to all operators places challenger operators at a competitive disadvantage, due to approval delays and benchmark-based pricing anchored to the dominant operator.

Accordingly, the existence of tariff approval and cost-orientation obligations does not preclude a finding of SMP where broader structural indicators demonstrate durable competitive advantages and limited effective competitive constraints. While the current regulatory framework imposes symmetric obligations on all operators, it does not sufficiently address structural asymmetries. In this context, the prevailing tariff approval regime alone appears insufficient to counterbalance entrenched competitive advantages or to ensure effective and sustainable competition in the relevant market.

Upstream products and regulation. Pursuant to Competition Rule 7.6.10, where the Commission determines that the relevant retail market is not effectively competitive, it shall proceed to identify, define and assess the corresponding wholesale markets to determine whether the competition concerns identified at the retail level originate from structural conditions in upstream markets and whether regulatory intervention at the wholesale level would be more appropriate and proportionate. The identification and analysis of the relevant upstream markets will therefore form the next stage of the market analysis process.

X. Regulatory remedies to address competition issues

Scope. This chapter addresses only the retail remedies identified for the retail mobile voice market and the retail mobile broadband market. It does not introduce additional remedies or extend the analysis beyond the retail markets under review.

This chapter sets out the retail remedies applicable to the operator designated as having significant market power in the retail mobile voice market and the retail mobile broadband market in Sri Lanka. The remedies are confined to the competition problems identified in those retail markets and are intended to address them in a proportionate and forward-looking manner.

The regulatory objective is to preserve price and service innovation, while preventing the SMP from using scale, network effects, bundling, internal transfers or affiliate relationships in a manner that forecloses rivals, distorts retail price signals or weakens consumer choice. The remedies are therefore designed to support a more flexible environment for non-SMP operators while maintaining targeted safeguards where the risk of exclusionary conduct is greatest.

The legal basis for this chapter is found in the Sri Lanka Telecommunications Act No. 25 of 1991, as amended, the Competition Rules No. 01 of 2024, the relevant mobile system licence conditions, and, for broadband quality issues, the Broadband Quality of Service (QoS) Standard Rules No. 01 of 2025. Consistent with the Competition Rules, retail obligations are retained only to the extent that targeted intervention remains necessary to address identified competition problems.

Legal basis and regulatory approach

Under sections 5(wa), 5(wb) and 5(wc) of the Act, the Commission is empowered to carry out market analysis, intervene to prevent the emergence or abuse of significant market power, and take regulatory measures to promote fair competition. Section 9A empowers the Commission to investigate anti-competitive practices, abuse of dominant position and denial of access on fair, cost-based and non-discriminatory terms, while section 9A(6)(a) supports the imposition of specific obligations on SMP operators.

The Competition Rules No. 01 of 2024 identify transparency, non-discrimination, accounting separation, access obligations, price control and cost accounting obligations, and functional separation as potential obligations that may be imposed on entities with significant market power. The Rules establish a wholesale-first remedial logic. The market analysis begins with the identification and forward-looking assessment of the retail market in the absence of ex ante wholesale regulation. Where the retail market is found not to be effectively competitive, TRCSL must identify and assess the corresponding upstream wholesale market or markets, and specific obligations should primarily be directed to wholesale markets that are not effectively competitive. Retail obligations are therefore exceptional and must remain proportionate, justified and technically feasible. In the present review, TRCSL considers that certain targeted retail obligations may remain necessary on a transitional basis for SMP operators in order to address current competition risks and protect end-users pending the implementation and demonstrated effectiveness of upstream remedies. Such obligations are subject to implementation requirements, compliance review, and periodic reassessment, and should be withdrawn where wholesale regulation and market developments are sufficient to deliver effective competition. In parallel, the mobile system licence already contains detailed obligations on tariffs (Condition 19), separate accounts (Condition 20), anti-competitive practices and cross-subsidies (Condition 21), and undue preference and affiliate discrimination (Condition 23).

Provision	How it supports the retail remedy package
Section 6A of the Act and mobile system li- cence Condition 19 and 23	Retail tariffs are subject to non-discrimination and cost-orientation, and the operator must justify proposed tariffs by reference to efficient underlying costs.

Mobile system licence condition 20	The operator must maintain separate accounting and reporting arrangements, identify internal charges and prepare service- and region-wise accounting statements.
Mobile system licence condition 21 and 23	The operator must eliminate cross-subsidies, keep different parts of the business separately assessable, and refrain from undue preference or unfair advantage involving affiliates.

1. Retail mobile voice remedies

For the retail mobile voice market, three remedies are considered appropriate for the SMP: retail tariff filing / prior approval; cost-orientation supported by cost accounting; and accounting separation together with internal transfer pricing rules aimed at preventing cross-subsidisation and undue preference. These remedies are complementary and should be implemented as a coherent package.

1.1 Retail tariff filing / prior approval

Purpose and explanation. Retail tariff filing and prior approval are intended to keep the SMP's retail mobile voice prices, discounts and terms under ex ante regulatory scrutiny where this remains necessary to prevent exclusionary conduct. The purpose is not to micro-manage normal commercial behaviour, but to ensure that tariff changes by the SMP do not become a vehicle for predation, strategically selective discounting, or the transfer of market power from one service or customer segment to another.

Application to the SMP. The statutory and licence framework already provides a direct legal basis for tariff approval. Section 6A(1) of the Act requires tariffs to be non-discriminatory and cost-oriented, Section 6A(3) empowers the Commission to approve or reject proposed tariffs, and Section 6A(6) provides that telecommunication services may not be offered without an approved tariff plan. The SMP's mobile system licence reinforces this through licence Condition 19, which require tariff filing, cost justification, Commission approval of terms and conditions, and prior written approval before departure from approved charges. Within this market review, however, the Commission considers that active prior tariff approval should remain in force as an SMP-specific remedy only. For non-SMP operators, tariff regulation should be deregulated through formal forbearance under section 6A(4), supported where necessary by rules or guidance under section 6A(5), so that challenger operators gain greater commercial flexibility while the SMP remains subject to prior scrutiny. The approval process applied to the SMP should also be time-bound and transparent so that the remedy does not become unnecessarily rigid. Tariff approval is an existing obligation under section 5(k) read with section 6A of the Sri Lanka Telecommunications Act and the applicable licence conditions. TRCSL may approve, reject, partially approve, or condition proposed tariffs, and may forbear tariffs in whole or in part under Section 6A(4). TRCSL will therefore retain tariff approval for the SMP operator, while forbearing retail tariffs of non-SMP operators. The Commission will give effect to this deregulation by a formal forbearance determination under Section 6A(4), rather than by implication from this market analysis, and that determination will identify the operators and services covered and the conditions, scope and duration of the forbearance. Section 6A(4) empowers the Commission to determine

to forbear the tariff of a service where competition is sufficient to protect the interests of users, and that power may be applied on a differentiated basis as between operators, so that tariff approval is retained for the operator found to hold significant market power while the tariffs of non-SMP operators are forborne; this operator-specific effect is implemented through the corresponding amendments to the relevant licence conditions and is objectively justified by, and proportionate to, the difference in market power between the SMP and non-SMP operators. Although the legislation does not prescribe a fixed statutory decision period, the approval process should be administered transparently and in a timely manner.

Expected market effect. The intended effect is a more balanced retail mobile voice market in which the SMP cannot use its position to set exclusionary retail benchmarks, while non-SMP operators can respond more quickly with promotions and innovative offers. This should increase pricing flexibility for smaller operators, improve regulatory certainty, and reduce the risk of predatory pricing or strategic undercutting. At the same time, clear approval timelines and transparent methodology are important to avoid dampening legitimate tariff innovation by the SMP.

1.2 Cost-orientation and cost accounting

Purpose and explanation. Cost-orientation is intended to ensure that the SMP's retail mobile voice tariffs remain anchored to efficient underlying costs rather than being used as a strategic instrument to foreclose competitors. Cost accounting is the operational counterpart to this remedy: without robust cost information, neither predation analysis nor cross-subsidy assessment can be carried out in a reliable manner. The purpose of this remedy is therefore not to impose rigid retail rate-setting, but to provide the Commission with a practical framework for assessing whether the SMP's retail tariffs, discounts and bundled offers are objectively justified and compatible with sustainable competition.

Application to the SMP. Section 6A(1)(b) of the Act requires tariffs to be oriented towards cost and states that cross-subsidies should in general be eliminated. The SMP's licence also requires, in licence Condition 19, that proposed tariffs be explained with reference to underlying efficient costs and cost of capital. In practical terms, the Commission should implement this remedy through a clearly defined cost model, supported where relevant by consistent wholesale and internal transfer pricing information, together with auditable cost accounting rules. That model should indicate the relevant cost standard, the treatment of common and joint costs, the attribution of promotional expenditure, the treatment of bundles. TRCSL will develop cost models which can derive the unit cost of retail and wholesale services for the SMP operator.

Expected market effect. The expected result is a more disciplined retail pricing environment in which competition remains vigorous but cannot be driven by prices that are unsustainable except for a dominant operator with broader economies of scale and scope. The remedy should reduce the risk that short-term price cuts eliminate competitive constraints and produce weaker competition in the medium term, to the detriment of consumers.

1.3 Accounting separation and internal transfer pricing rules to prevent cross-subsidisation

Purpose and explanation. Accounting separation requires the SMP to maintain sufficiently distinct regulatory accounts for retail mobile voice, retail mobile broadband, other licensed services, activities not

requiring a telecommunications licence under the Act and transactions with affiliates so that internal transfers and revenue, costs and internal transfers allocation can be understood and verified. Internal transfer pricing rules, including non-discrimination and an equivalence-based approach where appropriate, are needed to ensure that the SMP's own retail arm does not receive more favourable internal inputs than would be available to a rival on comparable terms. This remedy directly addresses the identified risks of cross-subsidisation across services, bundles and affiliates, and it also helps to deal with network-effect strategies such as on-net/off-net pricing structures where underlying cost and transfer assumptions are not transparent.

Application to the SMP. This is not a wholly new obligation. The mobile system licence already requires separate accounts and anti-cross-subsidy disciplines: licence condition 20 require the establishment of separate accounting and reporting arrangements, service- and region-wise financial statements, identification of internal charges and the basis for apportionment, while Condition 21 require the elimination of cross-subsidies and separate assessment of different parts of the business. Licence Condition 23 further prohibits undue preference and unfair advantage involving affiliated businesses. The issue has therefore been one of incomplete operationalization and enforcement rather than absence of legal authority. In this market review the Commission considers that those pre-existing obligations should now be actively enforced on the SMP, supported by detailed methodologies to be elaborated by the Commission. The Competition Rules also recognise accounting separation and, where lesser measures prove insufficient, functional separation as possible SMP remedies. Structural or functional separation is not imposed at this stage, but the existing accounting-separation framework should now be made operational and enforceable for the SMP.

Expected market effect. The intended effect is to prevent the SMP from reinforcing its retail position through opaque internal arrangements that competitors cannot observe and the regulator cannot test. Effective enforcement of accounting separation should improve transparency, support cost-orientation analysis, make undue preference easier to detect, and reduce the risk that dominance is extended through bundles, affiliates or non-replicable internal transfers.

2. Retail mobile broadband remedies

For the retail mobile broadband market, the same core remedies apply in proportionate form and are supplemented by broadband-specific safeguards. In addition to tariff control, cost-orientation and accounting separation, the Commission considers transparency obligations for data bundles, fair usage policies (FUPs) and throttling; non-discrimination in relation to zero-rating and traffic management, especially where the SMP's own or affiliated services are involved.

2.1 Retail tariff filing / prior approval, cost-orientation and cost accounting (applied proportionately)

Purpose and explanation. The same concerns that arise in retail mobile voice also arise in mobile broadband, but broadband offers tend to evolve more quickly and are often structured through bundles, validity periods, speed tiers, fair usage rules and promotional add-ons. Applying the voice remedies

proportionately therefore means preserving the same competitive safeguards while calibrating them to the faster pace and greater product complexity of retail broadband.

Application to the SMP. The legal basis is the same as for retail voice: section 6A of the Act, section 9A(6)(a), Rules 11.5, 11.6, 13 and 14 of the Competition Rules, and the mobile system licence paragraphs on tariffs, separate accounts, anti-cross-subsidisation and undue preference. The Commission's decision is that active retail tariff filing and prior approval should remain in force for the SMP only, while non-SMP broadband tariffs should be deregulated through tariff forbearance for the same reasons as in voice. For the SMP, cost-orientation should be applied through a proportionate retail broadband cost model that focuses on the commercially relevant features of data plans, including volume allowances, speed commitments, validity, FUP thresholds, throttling, promotional discounts and the allocation of common network costs across bundled services. In parallel, the existing licence-based obligations on separate accounts and anti-cross-subsidisation should be actively enforced on the SMP through methodologies set by the Commission for cost allocation, bundle attribution, internal transfer pricing and affiliate transactions. This is particularly important where mixed voice-data bundles, app-specific offers or affiliated digital services may conceal preferential treatment or non-replicable pricing.

Expected market effect. The intended outcome is to support innovation in retail data offers while preventing foreclosure. The remedy should allow non-SMP operators greater freedom to compete on broadband pricing and packaging, while ensuring that the SMP does not use speed-based, volume-based or bundle-based pricing structures to undermine sustainable competition.

2.2 Transparency obligations on data bundles, FUPs and throttling

Purpose and explanation. Transparency is especially important in retail broadband because tariffs are often differentiated less by the headline price alone than by the detailed usage conditions embedded in the offer. Consumers cannot compare offers effectively if fair usage policies, throttling thresholds, speed reductions, validity restrictions, rollover rules or application-specific conditions are unclear, incomplete or presented in a manner that obscures the real characteristics of the service. In broadband markets, lack of transparency can therefore distort both consumer choice and competitive rivalry.

Application to the SMP. The Commission should require the SMP to present the key commercial and technical conditions of retail broadband offers in a standardised, intelligible and easily comparable format at the time of tariff filing and at the point of sale. This should cover bundle composition, data allowance, FUP thresholds, throttling speeds, validity periods, auto-renewal conditions and any application-specific treatment. The enforcement of this remedy should be aligned with the Broadband Quality of Service (QoS) Standard Rules No. 01 of 2025. The current monitoring approach, which relies on operator systems and quarterly audits, together with the planned procurement of QoS and Quality of Experience (QoE) monitoring systems and the development of QoE-related KPIs, provides an operational basis for verifying whether retail claims and actual service conditions remain consistent.

Expected market effect. The expected effect is improved consumer understanding of mobile broadband offers including where mobile broadband is marketed as part of a bundle, and stronger competition on service quality as well as price. Greater transparency should make it easier for consumers to identify the

principal characteristics of the offer, including the main price, data allowance, speed-related features, validity period and any material limitations. In the case of bundled offers, the remedy is expected to improve comparability to the extent reasonably possible without preventing commercial differentiation. This should also make it easier for non-SMP operators to compete on credible and verifiable service features rather than attempting to match offers whose core terms are not clearly presented.

2.3 Non-discrimination for zero-rating and traffic management, especially for the SMP's own or affiliated services

Purpose and explanation. Zero-rating and traffic management may be commercially legitimate in some circumstances, but they can also be used by an SMP to favour its own content, applications or affiliated services, to weaken the competitive position of third-party digital services, or to make rival broadband offers less attractive. The central concern is not the existence of differentiated treatment as such, but whether such treatment amounts to undue preference, unfair advantage or a foreclosure strategy in the downstream market.

Application to the SMP. The principal legal basis for this remedy is licence Condition 23 of the mobile system licence, which prohibits undue preference, undue discrimination and unfair advantage involving affiliated businesses, read together with Condition 21 on anti-competitive practices and cross-subsidies, section 9A of the Act on abuse of dominant position and anti-competitive conduct, and the Competition Rules on non-discrimination and accounting separation. The Commission should therefore assess zero-rating and traffic-management practices by the SMP on a case-by-case basis and require objective justification for differentiated treatment of comparable traffic or services. Particular attention should be paid to whether the SMP's own or affiliated services receive preferential treatment in data charging, prioritisation, throttling or promotional design that cannot be objectively justified and replicated on fair terms.

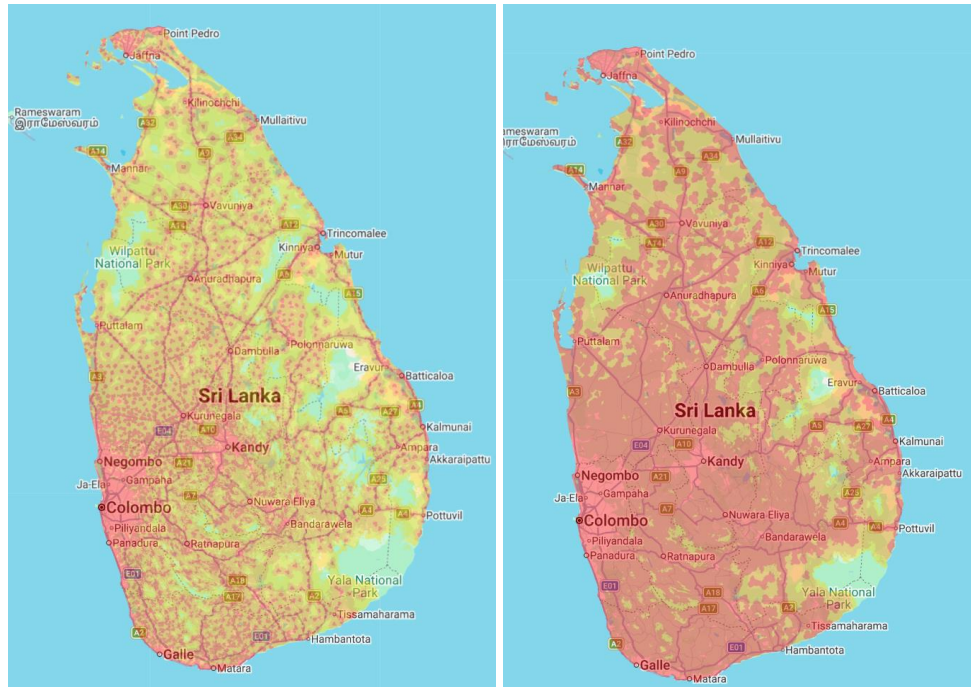
Expected market effect. The intended effect is to preserve room for product innovation in data offers while preventing foreclosure through bundles, zero-rating or discriminatory traffic-management practices. This should help ensure that competition in mobile broadband remains open not only between network operators, but also among providers of digital services that depend on non-discriminatory access to end users.

3. Overall expected market outcome

Taken together, the retail remedies form a targeted SMP package rather than a continuation of broad symmetric retail control. The key regulatory shift is that active ex ante tariff approval is to remain in place for the SMP only, while non-SMP operators should benefit from tariff deregulation through forbearance. At the same time, the pre-existing licence obligations on separate accounts, cross-subsidisation and affiliate treatment should now be enforced effectively on the SMP through methodologies and audit tools developed by the Commission. In voice, this should reduce the risk of predatory or strategically distortive pricing; in broadband, it should also improve transparency, support competition on quality and usage conditions, and reduce the risk of foreclosure through bundles, zero-rating and non-replicable data offers.

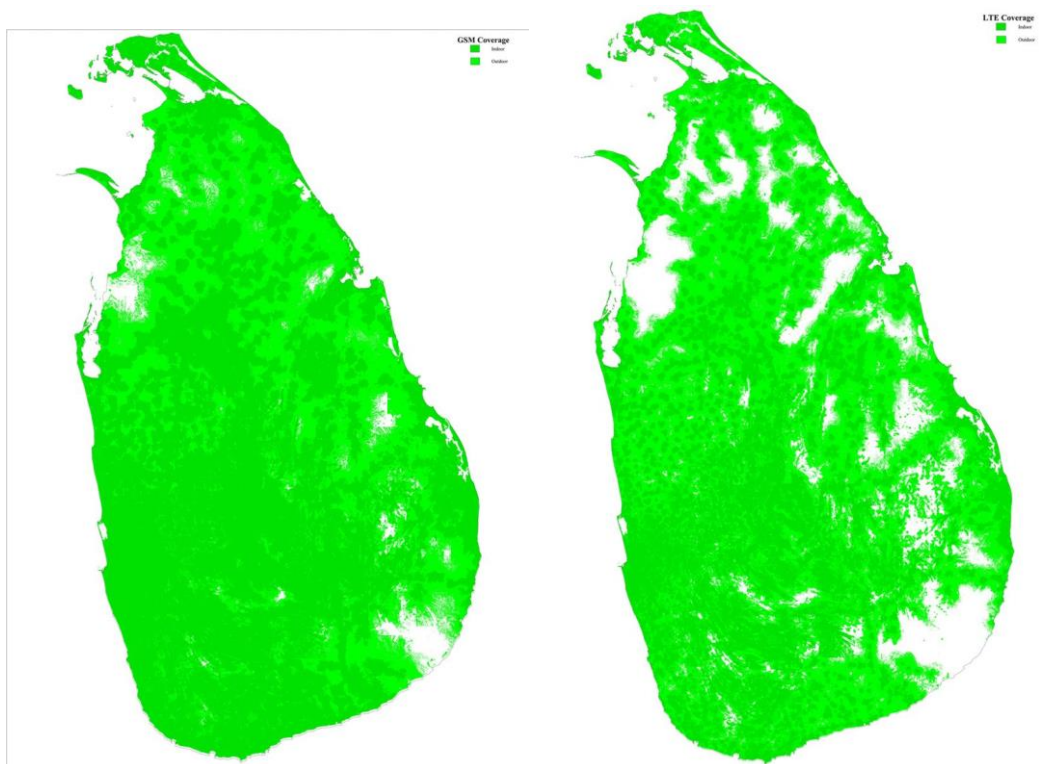
Annex 1. Coverage maps per technology per operator

Dialog coverage map for voice services and 4G technology



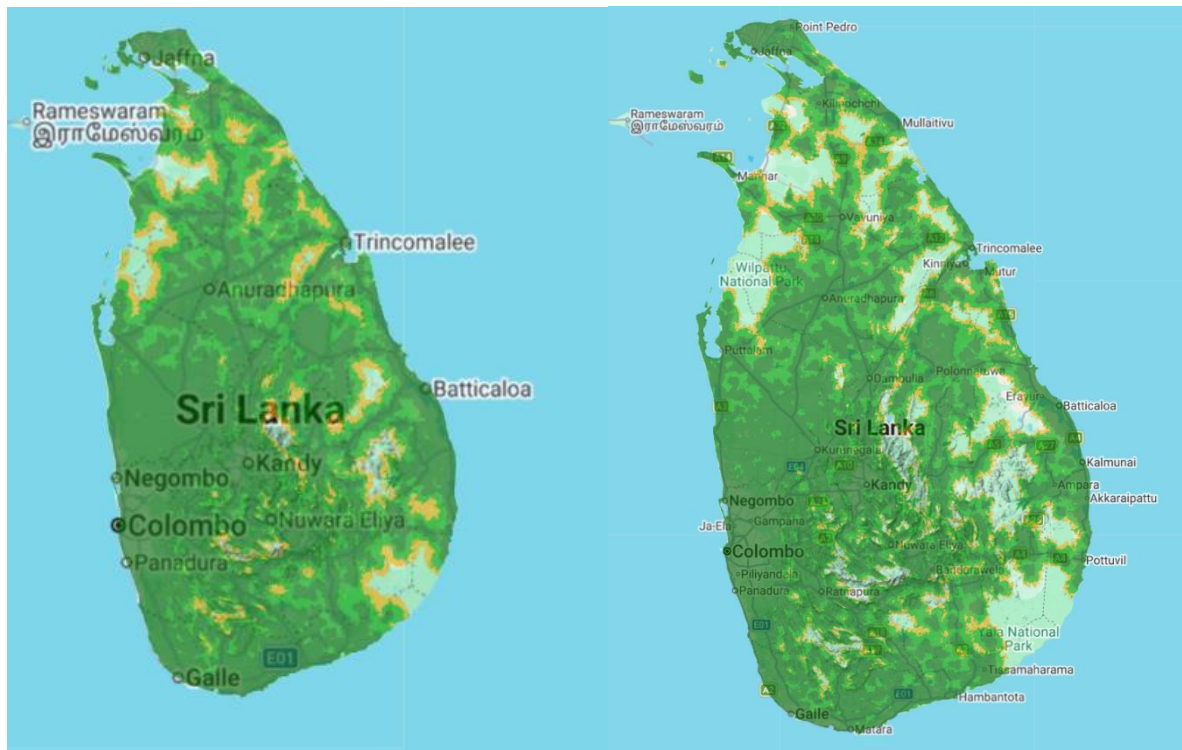
Source: [Coverage / Dialog Axiata PLC](#)

Mobitel GSM and 4G coverage



Source: [Mobitel Coverage / Mobitel](#)

Hutch 2G and 3G coverage



Source: [Check HUTCH Coverage Across Sri Lanka](#)

Annex 2. Tariff comparison

Voice Only Packages

	Mobitel	Dialog	Hutch
Price with Taxes	Rs.198/-	Rs.198/-	Rs.166/-
Voice to Any Net Local Network	250 mins	250 mins	300 mins
SMS to Any Net Local Network	400 SMS	250 SMS	300 SMS
Any Time Data	512MB	-	-
Validity	30 Days	30 Days	30 Days
Tariff Approval No.	TRC/M/PER/25/02	TRC/D/PRO/24/03	TRC/H/PRO/24/02

Voice Unlimited Packages

	Mobitel	Dialog	Hutch
Price with Taxes	Rs.667/-	Rs.667/-	Rs.409/-
Voice to Any Net Local Network	Unlimited	Unlimited	Unlimited
SMS to Any Net Local Network	unlimited	–	300 SMS
Validity	30 Days	30 Days	30 Days
Tariff Approval No.	TRC/M/PER/25/01	TRC/D/PRO/22/04	TRC/H/PRO/23/05

Data Only Packages

Dialog		Mobitel		Hutch	
Price with Tax (Rs.)	Data Quota (GB)	Price with Tax (Rs.)	Data Quota (GB)	Price with Tax (Rs.)	Data Quota (GB)
265/-	2.5	299/-	3.5	285/-	4
385/-	4	399/-	5	405/-	5.5
515/-	6	499/-	7	715/-	10.5
915/-	12	999/-	15	1,021/-	15.75
1,145/-	16	1,199/-	18.5	1,229/-	21
1,545/-	25	1,290/- (without Tax)	30	1,475/-	30
1,995/-	40	1,690/- (without Tax)	40	1,739/-	50
2,495/-	60	2,090/- (without Tax)	50	2,459/-	100
3,995/-	125	3,890/- (without Tax)	100	-	-

TRC/D/PRO/24/08	TRC/M/PRO/24/06 & TRC/M/PER/21/05	TRC/H/PRO/23/04 & TRC/H/PRO/24/03
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Bundled/Combination Offers

	Mobitel	Dialog	Hutch
Price with Taxes	Rs.555/-	Rs.877/-	Rs.599/-
Voice to Any Net Local Network	500 mins	2000 mins	Unlimited
SMS to Any Net Local Network	500 SMS	2000 SMS	500 SMS
Any Time Data	7GB	5 GB	3 GB
Validity	30 Days	30 Days	30 Days
Tariff Approval No.	TRC/M/PRO/24/02	TRC/D/PRO/24/08	TRC/H/PRO/25/03

	Mobitel	Dialog	Hutch
Price with Tax (Rs.)	1,278/-	1,299/-	998/-
Apps	Non-Stop Usage Facebook YouTube WhatsApp FB Messenger at SD quality (360p)	Unlimited Access to Facebook, WhatsApp & YouTube at SD quality (360p)	Non-Stop Usage Facebook YouTube WhatsApp FB Messenger, Instagram, TikTok, Imo, Viber, Telegram, LinkedIn, X(Twitter)
FUP for Entitled Apps	15 GB	–	20 GB
Extra Anytime Data Bundle	10 GB	15 GB	30 GB
Voice to Any Net Local Network	Unlimited	Unlimited	Unlimited

SMS to Any Net Local Network	1000 SMS	1000 SMS	500 SMS
Validity	30 Days	30 Days	30 Days
Tariff Approval No.	TRC/M/PRO/25/04	TRC/D/PER/24/01	TRC/H/PRO/24/06

Annex 3. Mobile ARPU Benchmark (USD per month)

Country	Estimated Mobile ARPU (USD/month)	Notes
Sri Lanka	~USD 1.3	Reported as very low mobile ARPU reflecting competitive pricing and affordability constraints.
Bangladesh	~USD 1.6–2.0	Based on operator ARPU in local currency converted to USD (Mordor Intelligence)
Pakistan	~USD 1.2–1.3	Latest reported operator sector ARPU suggests very low levels. ³⁹
India	~USD 3.0–3.5	Industry estimates of national blended ARPU. ⁴⁰
Philippines	~USD 2.5–3.0	Based on available APAC regional benchmarking for mobile ARPU ranges. ⁴¹

Note. Numbers indicative.

³⁹ [Pakistan's revenue per telecom User 10 times less than the global average: SBP - Profit by Pakistan Today](https://digitalpakistan.pk/pakistan-telecom-market-share-revenue-2025), <https://digitalpakistan.pk/pakistan-telecom-market-share-revenue-2025>

⁴⁰ <https://ceoworld.biz/2026/02/14/global-mobile-telecom-burden-in-2025-affordability-across-12-markets/>

⁴¹ [APAC-Telcos-Performance-Benchmarks-Summer-2025-1.pdf](#)