



NATIONAL MEDIA AND  
INFOCOMMUNICATIONS  
AUTHORITY • HUNGARY

# Regulatory Challenges of the Electronic Communications in the EU and Hungary

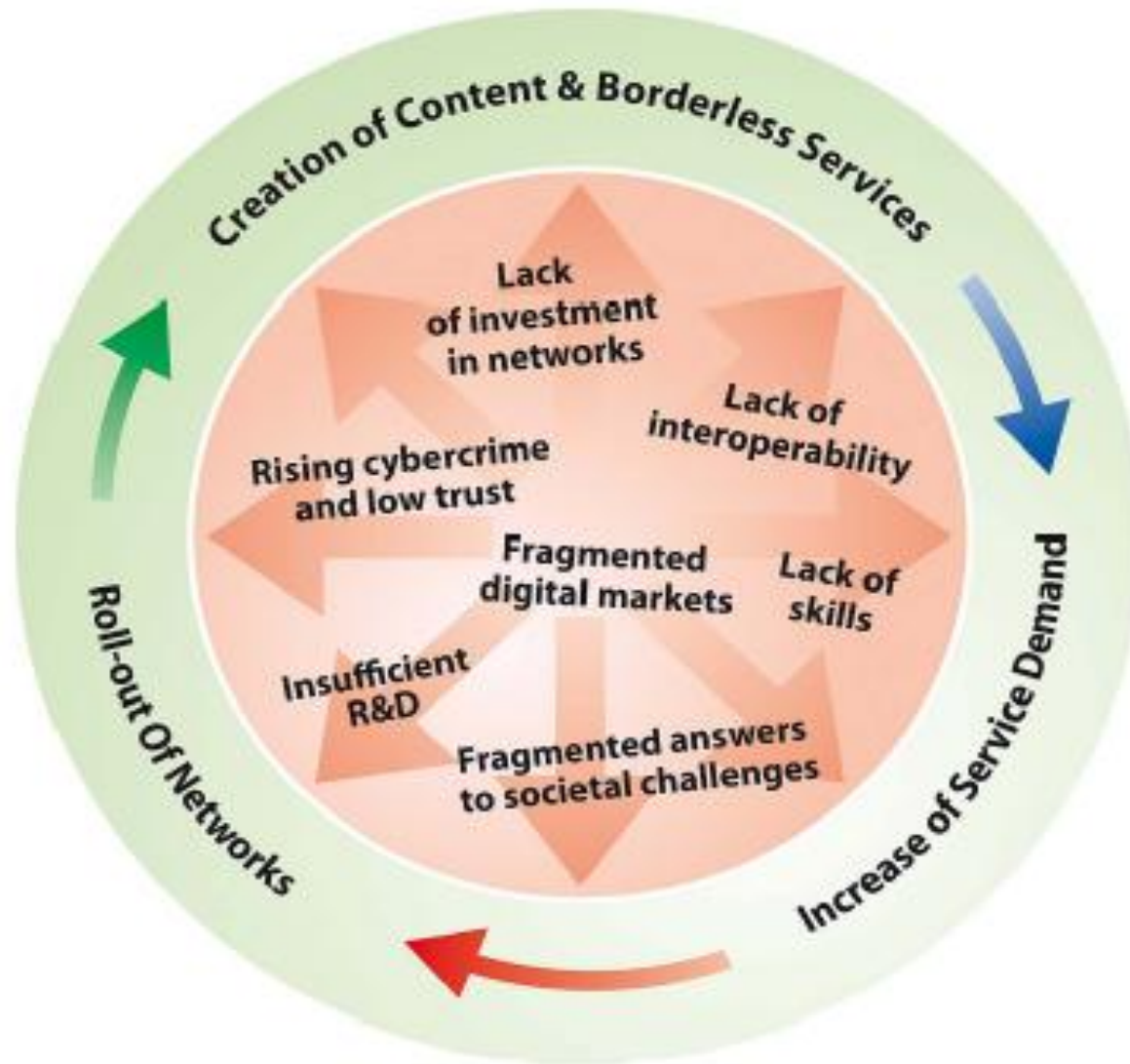
**Gábor Mátrai**

Vice President

## 22nd European Regional ITS Conference

19 September, 2011





- fragmented digital markets
- lack of interoperability
- cybercrime, low trust in networks
- slow network deployment lack of investments
- lack of R&D and innovation efforts
- lack of digital literacy and skills
- low level of consumers' awareness
- addressing social challenges

**...the Digital Agenda\* that will deliver sustainable economic and social benefits from the digital single market with the help of**

- fast and ultra fast internet,
- interoperability & standards,
- trust & security
- enhancing e-skills...

\*adopted in March, 2010

...the majority of the Digital Agenda's tasks had been transposed in the Hungarian 'Digital Action Plan' of the Government

**...the New Regulatory Framework\* that created the New Telecom Regulatory Package consisting of the**

\*adopted in Nov, 2009

- Framework Directive,
- Access Directive,
- Authorization Directive,
- Universal Service Directive, and
- Directive on Privacy.

...they must be implemented in the national legislation that is currently underway in Hungary, the modification of the Act on Electronic Communications adapted by the Hungarian Parliament

## 7 Pillars

1 Digital Single Market



2 Interoper. & Standards



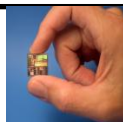
3 Trust & Security



4 Fast & Ultra Fast Net



5 Research & Innovation



6 Enhancing e-Skills



7 ICT for Soc. Challenges



## List of EU-Wide Actions\*

2010

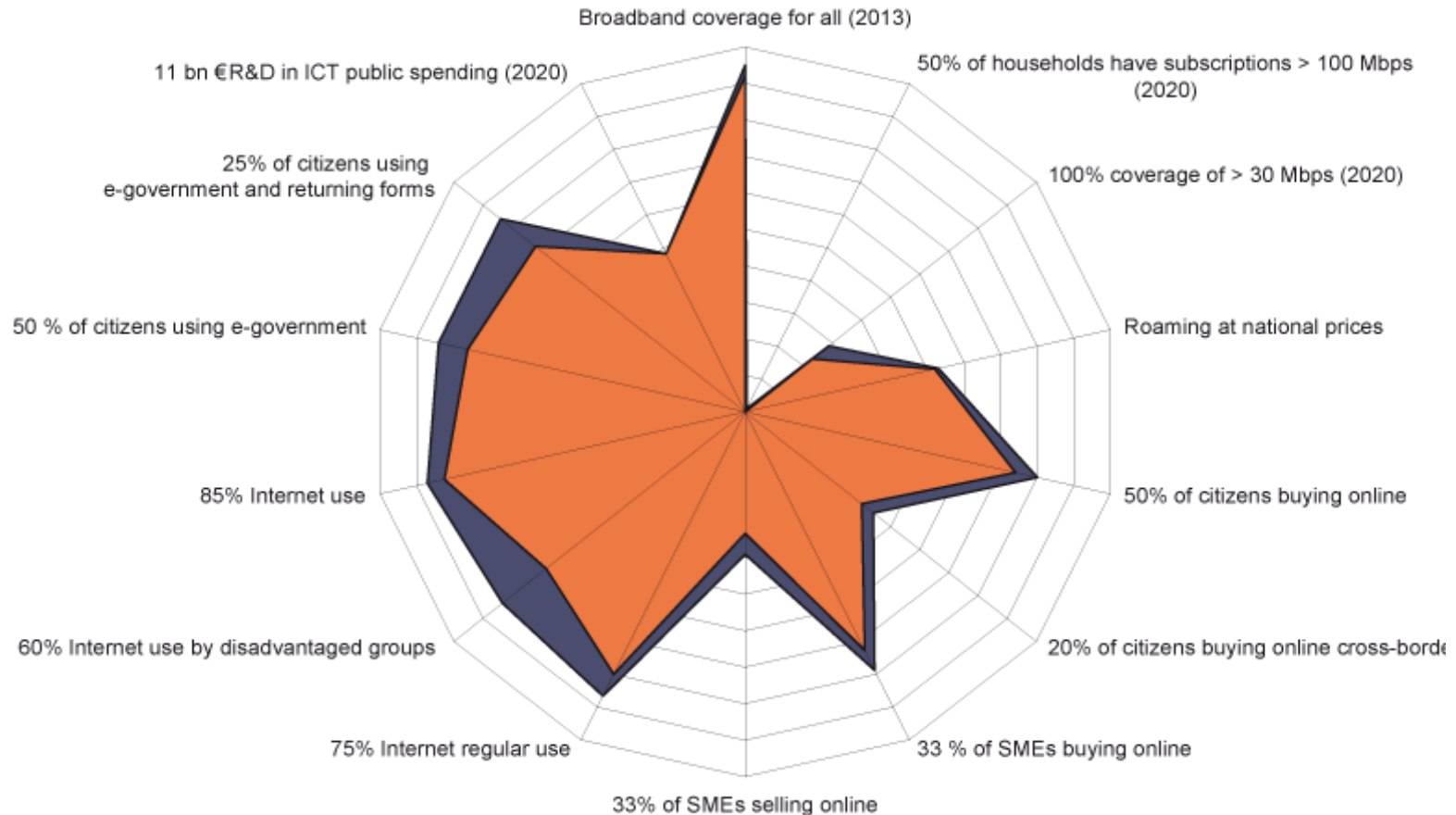
2011

2012

- |   |   |  |
|---|---|--|
| <ul style="list-style-type: none"> <li>• Recommendation to Encourage Investment in NGA networks</li> <li>• Proposal for the first <b>Radio Spectrum Policy Programme</b> in Europe</li> <li>• Flagship initiative – ‘New skills for new jobs’ and the launch of a sectoral council for ICT skills and employment</li> <li>• <b>Framework Directive on Online Rights</b></li> <li>• Review of the Data Protection Regulatory Framework</li> <li>• <b>Migration to Single Euro Payment Area (SEPA)</b></li> </ul> | <ul style="list-style-type: none"> <li>• Complementing the Consumer Rights Directive</li> <li>• <b>Policies on long-term e-skills and digital literacy</b></li> <li>• Increased Harmonization of Numbering Resources</li> <li>• <b>Revision of the e-Signature Directive</b></li> <li>• Accessibility of Public Sector Websites by 2015</li> <li>• <b>Digitization of European Cinemas</b></li> </ul> | <ul style="list-style-type: none"> <li>• <b>Publication of the Code of EU Online Rights</b></li> <li>• Proposals for an EU-Wide Online Dispute Resolution System for eCommerce</li> <li>• <b>Review of the Directive on Re-Use of Public Sector Information</b></li> <li>• Recommendation on Patient Records to be Exchanged Electronically</li> <li>• <b>Mutual Recognition of e-Identification and e-Authentication</b></li> <li>• Memorandum of Understanding on Digital Access for persons with disabilities</li> <li>• <b>Proposal for the sustainable model for financing the EU Public Digital Library and digitisation of content</b></li> </ul> |
|---|---|--|

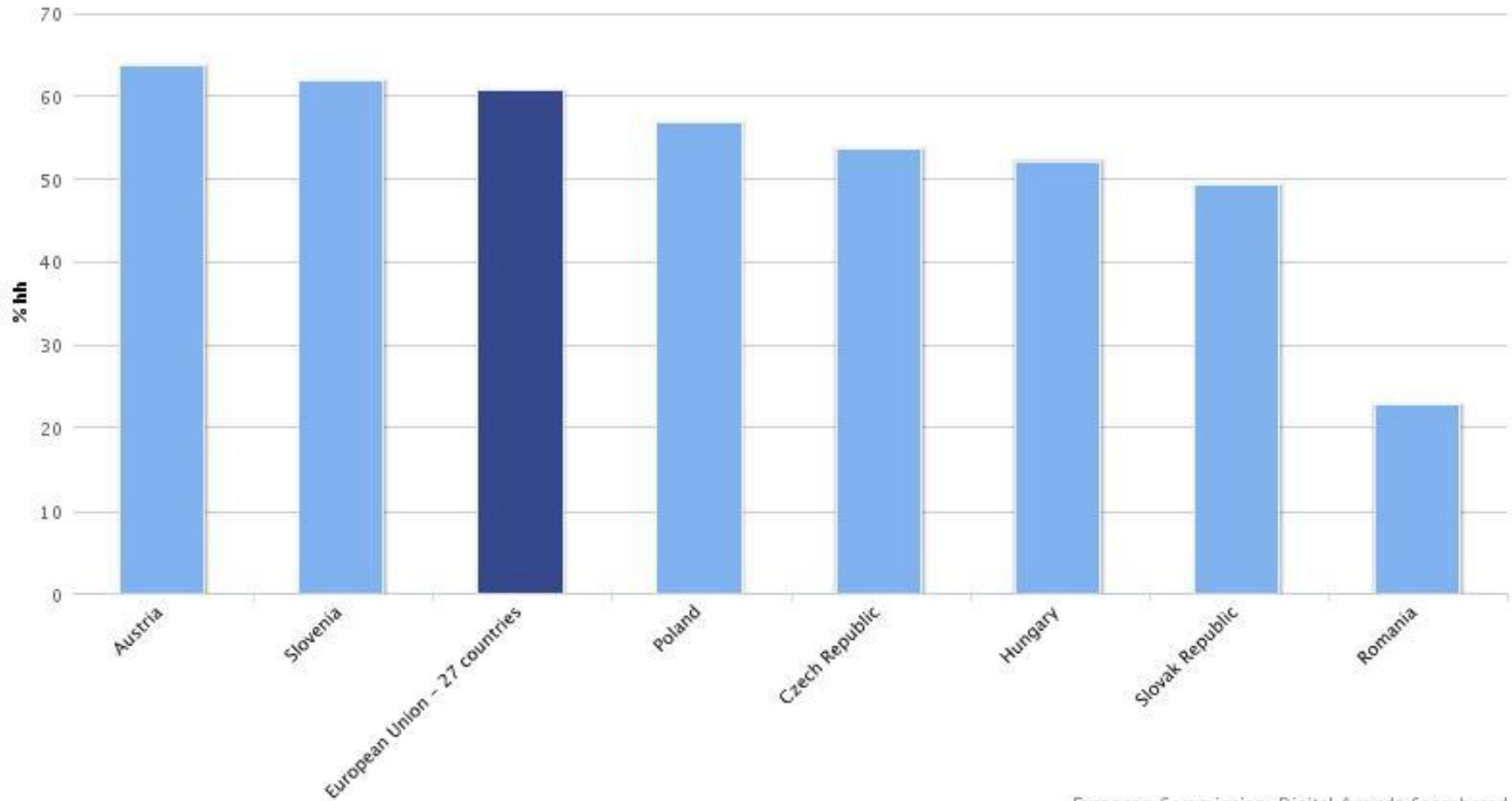
\* Not the complete list

## How the EU scores on the Digital Agenda targets

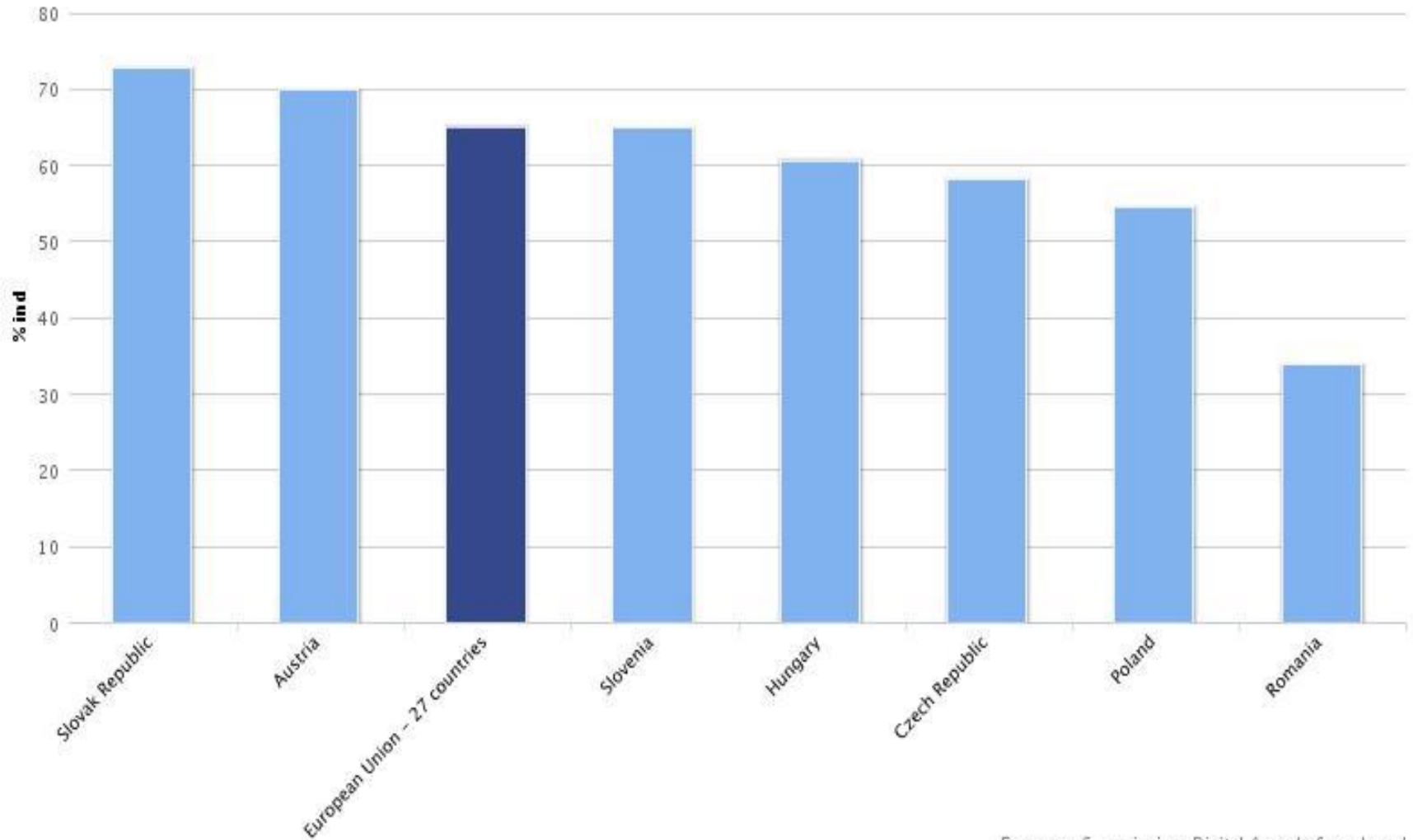


Orange = 2010, dark blue = 2011. Labels refer to targets; outline is 100% achievement; targets refer to 2015 unless otherwise stated. 20% reduction in energy use not included.

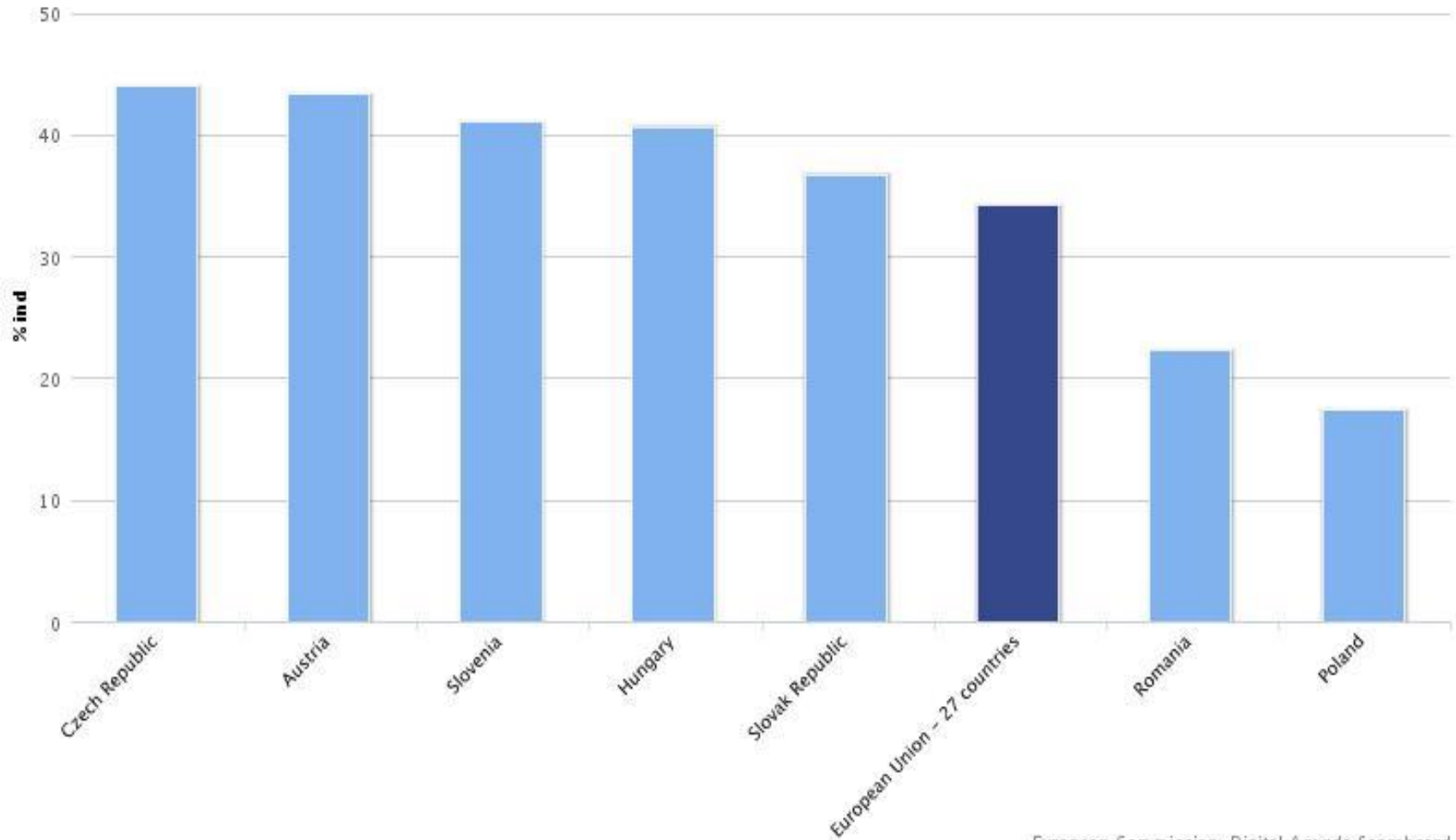
**% of households having a broadband connection**  
Year 2010



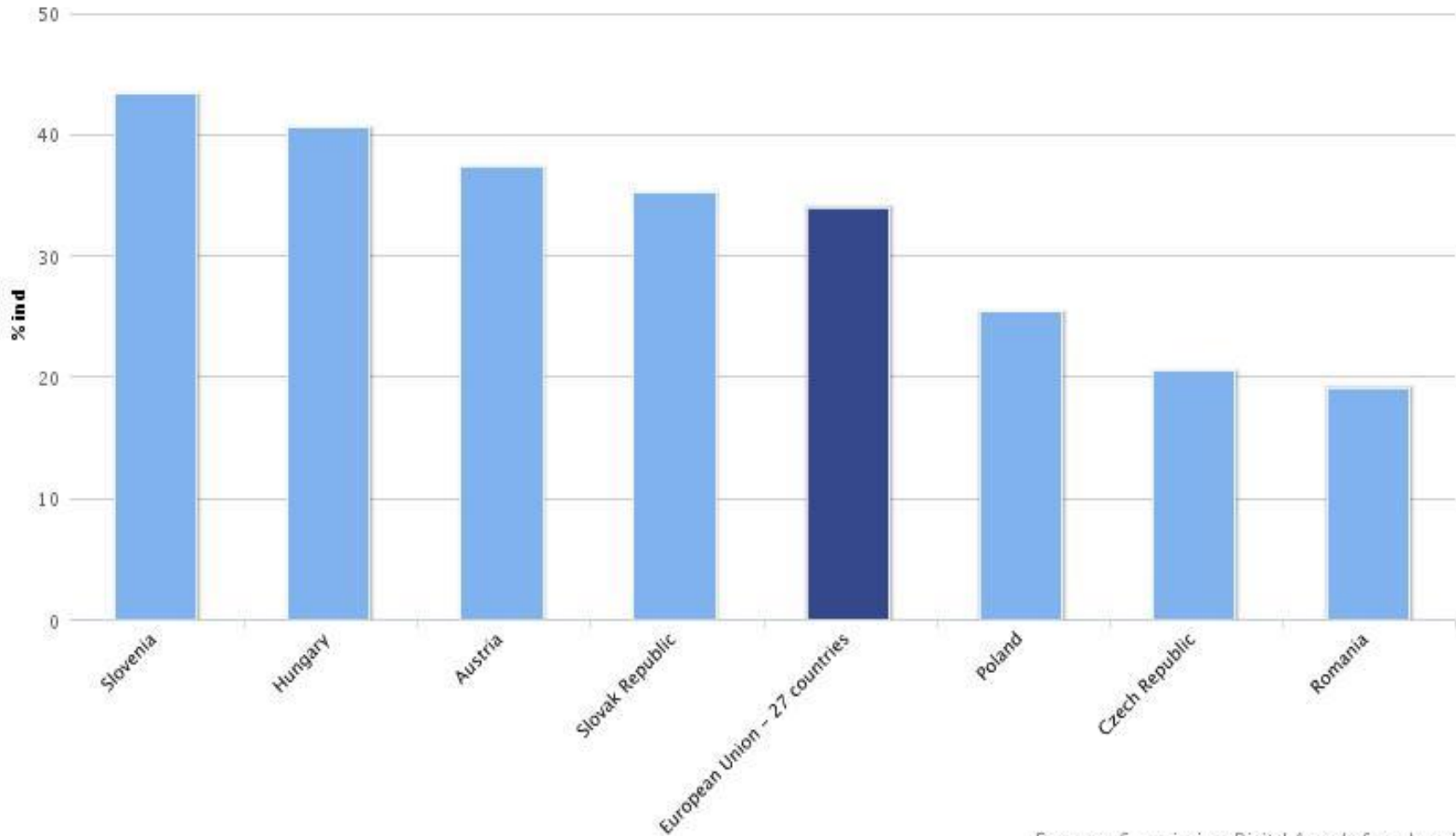
**% of population who are regular internet users (at least once a week)**  
Year 2010



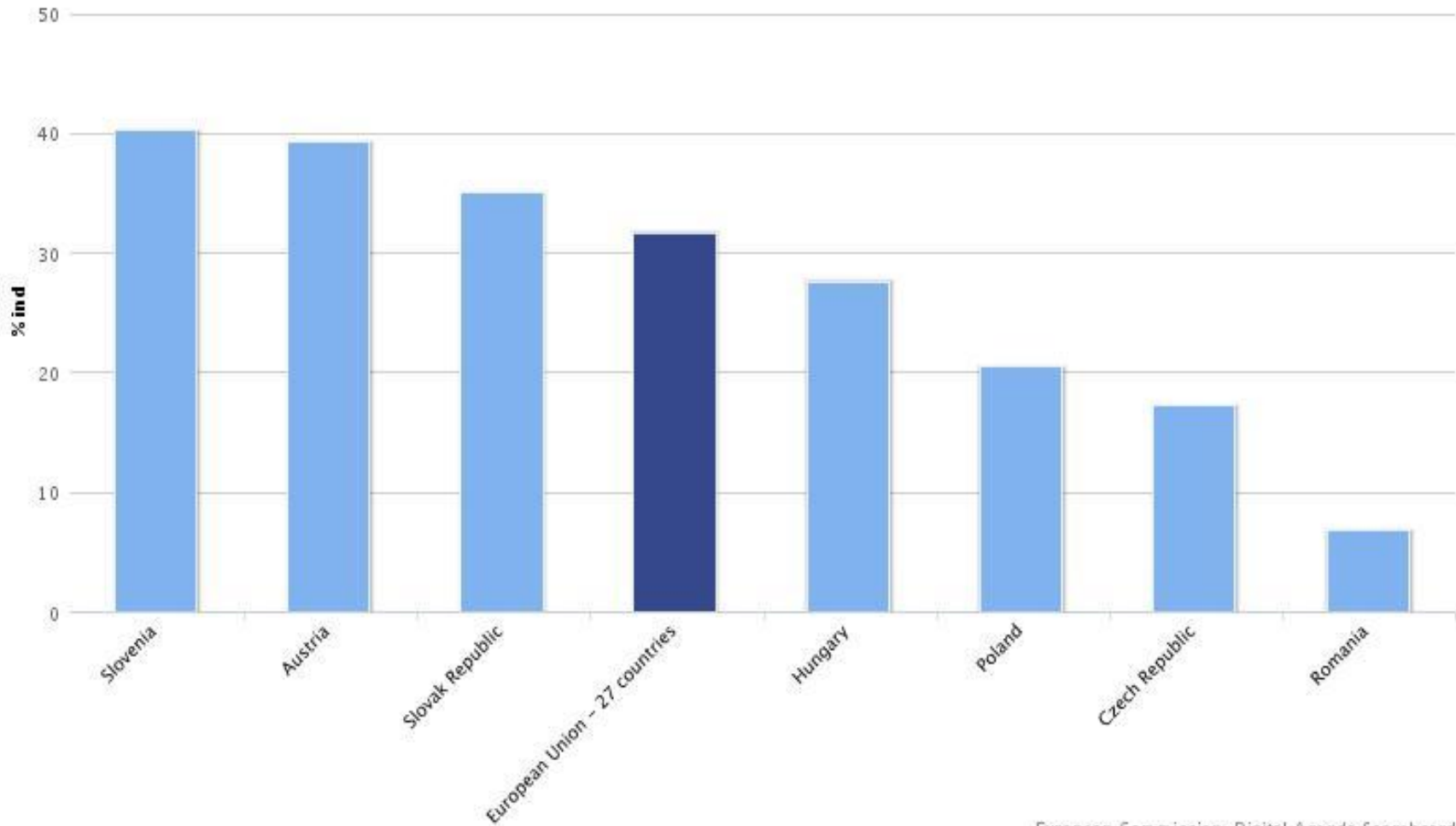
**% of population reading / downloading online newspapers / news magazines**  
 Year 2010



**% of population seeking online information about health**  
Year 2010

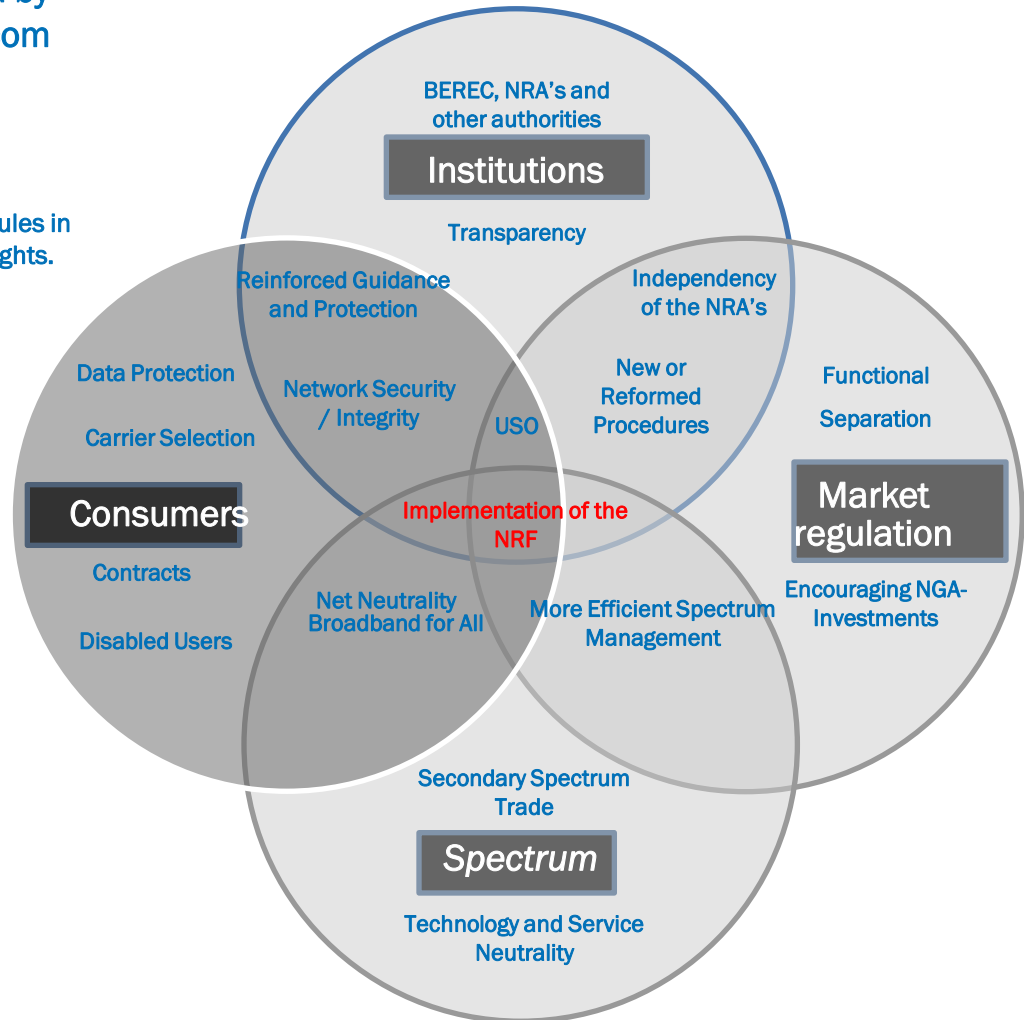


**% of population interacting online with public authorities**  
Year 2010



...to find answers for the main areas affected by the changes brought forward by the EU Telecom Regulatory Package:

- Consumers } Demanding new or reformed rules in the new areas of Consumer Rights.
- Market regulation }
- Spectrum } Involving 'traditional' regulatory procedures and tasks towards a more effective regulation
- Institutions }



- more consistent regulation on the Digital Single European Telecom Market
- stronger and much higher level consumer rights along with greater choice of services for enhanced consumer awareness
- harmonized EU-wide spectrum management for the limited national spectrum resource
- more effective online data protection and safety and guarantees for an open and more „neutral” internet
- high-speed internet connections for all citizens
- reinforced consumer rights for the disabled via creating a Memorandum of Understanding on Digital Access for persons with disabilities
- accessibility of Public Sector Websites by 2015

...will create regulatory challenges once the implementation is completed;  
new detailed decrees has to be developed that must follow the consistent regulation expected and indicated in the recommendations by the Commission

## ...to increase Customer Awareness via...

- a requirement to receive **proper overall information** (e.g. better information on the services offered, on the promotions or the minimum QoS parameters)
- an opportunity to **end the initial subscriber contracts in max. 24 months** (and the service providers must offer contracts with max. duration of 12 months)
- a right to **change** fix or mobile operators **within 1 working day** while keeping their old phone number
- an assurance to **protect the consumers stronger** against personal data breaches and spam
- a future option – still under consideration in the EU and the Member States – **to access high-speed internet connection as part of the universal service provision**
- guarantees to **choose from competing broadband service providers allowing service transparency** regarding speed restrictions, traffic management techniques, bandwidth caps, etc.

...that will have an impact on the electronic communications industry since the different regulatory authorities will have to develop the rules for the 'playing field' for the various service providers in the sector.

- local subsidiaries of pan-European service providers dominate the market
- a less than fully deployed fixed network
- substantial cable deployment
- less success to date of wholesale remedies
- broadband competition has more to do with competing bundles on competing platforms

Some refinement is needed to adapt the regulatory framework to the local conditions,  
but there is no need for different rules

## ... with impact on the market:

- to find the **regulatory balance between public interest and private interests**
- to **encourage competition and investment** (in next generation access (NGA) networks or during the frequency tendering)
- to define and refine the framework for the **cooperation with BEREC, the Commission and the other NRA's**
- to **develop new regulatory requirements** concerning the minimum quality levels and their possible measurement methods, the internet management techniques and practices
- to **promote the customer's awareness**
- to **outline regulatory actions** for some of the new trends on the market (e.g. „regulation” of the new medias, bundled products, impact of a future introduction of bill & keep, possible use of two-sided market analysis method, etc.)

NMHH's work programme and market surveillance programme for 2011 is available  
and

the authority's long term regulatory strategy and the frequency management strategy is being prepared.

...with the intention to enhance competition and open up the market in a way that encourages and protects investments at the same time

- **markets 4 & 5** approval of the Reference Offers and cost models are expected shortly, extending regulation to NGN networks
- **markets 2, 3 & 7** SMP and remedies designation were approved to allow the market players to prepare for the cost based IC fees when setting the new wholesale fees as the next step towards BU-LRIC IC fees
- **frequency tendering** awarding the 900 MHz is expected by the end of this year where 10.8 MHz could be obtained by the interested parties, time-table for future actions in the period of 2012-2015 .
- **analogue switch off** developing regulatory strategy for the Digital Dividend
- **other topics** e.g. NN, int'l roaming, new media – regulation will take place after considering BEREC and Commission Recommendations with a close cooperation with the authorities of the Member States

## Extending competence, more regulatory tools

August 2010: autonomous and convergent authority was established

August 2011: New Act on the Electronic Communications, which gives to the Authority legislative power to issue decrees in the field of electronic communications (24 chapters)

Areas with high priority, where experiences in law enforcement can highly support the legislative actions, such as

- regulating contractual relationship with subscribers – individual contract, General Terms, QoS indicators....
- regulating spectrum and numbering

In Hungary the Authority traditionally possess by far the most information on industry, regulatory experience and the most significant expertise, thus we expect that the Authority could provide more professional answer to the market challenges, in a more effective and flexible way.

Thank You!

matrai.gabor@nmhh.hu