

Overview of Developments of Telecommunications Market in 2010



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Mobile Market Continued to Flourish

- Number of mobile users exceeds 13 million (penetration rate: **186%**)
- Number of mobile broadband users
 - ▶ 2009 (October): **3.68 million**
 - ▶ 2010 (October): **5.01 million (+1.33 million)**
- Mobile data usage
 - ▶ 2009 (October): **527 Terabyte**
 - ▶ 2010 (October): **1,658 Terabyte (+2.1 times)**



Continuous Growth of Fixed Broadband Service Market

- Number of users exceeds 2.1 million (household penetration rate: **82%**)
- Fixed broadband users
 - ▶ 2009 (October): **1.97 million**
 - ▶ 2010 (October): **2.11 million (+ 140,000)**
- **86%** of domestic households have a choice of at least two customer access networks
- **70%** of domestic households have a choice of at least three customer access networks



Steady Growth of Telecommunications Facilities Capacity and External Traffic Volume

Submarine cables, land cables and satellites:

Equipped capacity

- ▶ 2009 (September): **exceeded 3,840 Gbps**
- ▶ 2010 (September): **exceeded 4,300 Gbps (+ 12%)**

External Traffic Volume:

- ▶ 2009 (as at October): **8.35 billion minutes**
- ▶ 2010 (as at October): **8.55 billion minutes**



Measures to Facilitate Telecommunications Market's Developments

Release of new radio spectrum

- **Purpose**
 - ▶ to meet market demands
 - ▶ to sustain the momentum of market growth
- **Spectrum auctioned in 2009/2010 (total auction revenue: HK\$1.898 billion)**
 - ▶ 90 MHz - 2.5/2.6 GHz (Jan. 09 - for broadband wireless access services)
 - ▶ 9.6 MHz – 1800 MHz (Jun. 09- for expansion of mobile service capacity)
 - ▶ 8 MHz – 678-686 MHz (Jun. 10- for broadcast-type mobile television services)
- **Spectrum to be auctioned**
 - ▶ 29.7MHz - 850/900 MHz and 2 GHz (for expansion of mobile service capacity)
 - ▶ 90 MHz - 2.3 GHz (for broadband wireless access services)

Promote the Rollout of Optical Fibre Networks

- Fibre-to-the-home (FTTH) / fibre-to-the-building (FTTB) household penetration rate: **34%** (report published by the Fibre-to-the-Home Council in September 2010) –
Ranks third in the world
- Registration Scheme for Buildings with Optical Fibre Access Networks launched in November 2010
 - ▶ to provide information on the availability of optical fibre networks installed in individual buildings
 - ▶ first phase: residential buildings covered by networks of 5 network operators
 - ▶ next stage: to cover commercial buildings and other fixed networks
- Identification labels introduced





Streamlined Application Procedures for Landing Submarine Cables in Hong Kong

- **April 2010**
 - ▶ OFTA started to offer a single-point-of-contact service
 - ▶ streamlined application procedures for landing submarine cables in Hong Kong
 - ▶ set up a thematic webpage
- **Purpose**
 - ▶ to attract more submarine cables to land in Hong Kong
 - ▶ to strengthen the position of Hong Kong as a regional telecommunications hub
- **Effectiveness of the measures**
 - ▶ some submarine cable operators have shown interests in landing their submarine cables in Hong Kong
 - ▶ some of the plans are expected to be implemented within this year



Consumer Affairs



Growth of Mobile Data Services Leading to an Increase in Consumer Complaints

- Overall consumer complaints
 - ▶ 2009 (whole year): **4051 cases**
 - ▶ 2010 (whole year): **5711 cases (+41%)**
 - **over 70%** of increased cases related to mobile services
- Mobile Service Complaints
 - ▶ 2009 (whole year): **1754 cases**
 - ▶ 2010 (whole year): **3023 cases (+72%)**
 - **1174 cases (39%)** related to mobile data services
 - Majority: billing disputes (**67% of the total mobile data service complaint cases**)
 - Cause: unintentional or inadvertent use of mobile data services by customers



Other Types of Consumer Complaints

- **Fixed Service Complaints**
 - ▶ 2009 (whole year): **909 cases**
 - ▶ 2010 (whole year): **812 cases (-11%)**
 - ▶ a decrease in number of complaints about service quality and customer services
- **Internet Service Complaints**
 - ▶ 2009 (whole year): **1104 cases**
 - ▶ 2010 (whole year): **1561 cases (+41%)**
 - ▶ majority of cases were about contractual disputes



Major Categories of Consumer Complaints

- **Billing disputes**
 - ▶ 2009 (whole year): **936 cases**
 - ▶ 2010 (whole year): **1757 cases (+88%)**
 - increased cases mainly related to mobile bill shock
- **Service quality**
 - ▶ 2009 (whole year): **1201 cases**
 - ▶ 2010 (whole year): **1654 cases (+38%)**
 - mainly related to network service quality and customer services
- **Contractual disputes**
 - ▶ 2009 (whole year): **952 cases**
 - ▶ 2010 (whole year): **1465 cases (+54%)**
 - increased cases mainly related to contract terms or Fair Usage Policy (FUP)



Measures Implemented to Target Causes of Consumer Complaints



Complaints concerning Mobile Bill Shock (789 cases)

- **Mobile service operators have implemented mobile bill shock preventative measures**
- **OFTA has published on its web site the measures adopted by individual operators to increase the transparency of service information**
- **Consumers are advised on how to avoid mobile bill shock**
- **The increasing trend of complaints has stabilised**
- **OFTA will continue to closely monitor the bill shock issue and take appropriate measures**



Complaints concerning Contractual Disputes (1465 cases)

- **The Code of Practice for Communications Service Contracts was issued in February 2010**
 - ▶ to serve as industry guidelines on the drawing up of service contracts
 - ▶ to help the industry to draw up fair, balanced and reasonable contracts on telecommunications services
 - ▶ to improve the existing contract formats and sales practices of telecommunications services
- **The Communications Association of Hong Kong (“CAHK”) subsequently promulgated an Industry Code of Practice**
 - ▶ operators to adopt the Code: all major fixed and mobile network operators and one major external telecommunications service operator
 - ▶ Implementation: within three to six months



Complaints concerning Fair Usage Policy (FUP) (160 cases)

- **In March 2010, OFTA commissioned an independent institution to conduct a survey on FUP. Findings:**
 - ▶ **most consumers were not familiar with the FUP implemented by individual service operators**
 - ▶ **a majority of respondents supported the provision of more details about the FUP implemented by individual service operators**
- **Guidelines on the implementation of FUP proposed**
 - ▶ **supported by the Regulatory Affairs Advisory Committee**
 - ▶ **industry views are being sought**
 - ▶ **the guidelines are scheduled to be finalised by the middle of this year for compliance by service operators**




Complaints concerning Service Quality (1654 cases)

- **Service operators were asked to publish mobile broadband performance pledges on**
 - ▶ **network reliability, service restoration time, customer hotline performance, customer complaint handling, technical performance, etc.**
 - ▶ **the service operators started to publish the performance pledges in September 2010**
 - ▶ **the first batch of statistics on actual performance against pledges to be published by end-Jan 2011**
- **Broadband performance test website was launched in December 2010**
 - ▶ **for measuring the performance of broadband services by members of the public**
- **90MHz of radio spectrum in the 2.3 GHz band to be auctioned in the second half of 2011**
 - ▶ **to increase the capacity of broadband wireless access services in the market**



Complaints concerning Chargeable Mobile Content Services

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- Extensive media coverage on the issue
 - OFTA and the industry developed a Code
 - ▶ to increase the transparency of charging information
 - ▶ to safeguard consumer interests
 - Administrative Agency (“AA”) established
 - ▶ to assess the capability of Content Service Providers (“CSP”) in complying with the Code
 - ▶ to secure CSP pledged compliance with the Code’s requirements
 - Since the implementation of the Code, the number of complaints continued to decline:
 - ▶ December 2009: 37 cases
 - ▶ November 2010: 6 cases
 - ▶ December 2010: 10 cases



Strive to Perform Regulatory Role

Regulatory Actions against Misleading Sales Practices

- **Contravention of Section 7M of the Telecommunications Ordinance (misleading and deceptive conduct)**
 - ▶ 2010: 6 cases substantiated
 - ▶ involving 6 telecommunications operators
 - ▶ financial penalty imposed: ranging from \$70,000 to \$230,000

Regulatory Actions against Breaching of Telecommunications Licence Conditions

- ▶ 2010: 9 cases substantiated
- ▶ most cases were related to the use of improper numbers for external telecommunications services
- ▶ financial penalty imposed: ranging from \$14,000 to \$200,000



Way forward

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- **Continue to closely monitor market developments: 4G, mobile TV**
 - **Facilitate the rollout of telecommunications infrastructure which is conducive to the introduction of new services**
 - **Release new spectrum to meet demands for mobile data services in the market**
 - ▶ new spectrum available for provision of mobile services will be auctioned in February (850 MHz, 900 MHz and 2 GHz bands)
 - ▶ spectrum in 2.3GHz band will be auctioned in the second half of this year
 - **Continue to closely monitor the trends of consumer complaints, promote and co-ordinate the adoption of measures by service operators to safeguard consumer interests**
 - ▶ to monitor the implementation of the Industry Code of Practice for Telecommunications Service Contracts by operators and its effectiveness
 - ▶ to finalise the industry guidelines on implementation of FUP
 - **Continue to organize consumer education programmes**
 - **Take timely regulatory actions against any non-compliance by the industry**



Thank You !