



NMHH

**National Media and Infocommunications
Authority • Hungary**

NMHH STRATEGY

2018-2022



Background

Serving as the independent, autonomous regulatory body for the media, electronic communications and postal sectors in Hungary, the National Media and Infocommunications Authority (hereinafter referred to as “NMHH”, or “the Authority”) received its mandate directly from Parliament, and is obliged to provide an annual report of its activities to Parliament.

Bodies of the Authority with autonomous power are as follows: the President of the National Media and Infocommunications Authority, National Media and Infocommunications Authority Media Council, the Commissioner for Media and Communications and the Office of the National Media and Infocommunications Authority.

The NMHH acts as a convergent authority for infocommunications regulation and supervision, as well as for media management in Hungary. Its purpose is the same in all areas: to develop and facilitate ethical market competition, and to effectively represent the interests and rights of consumers and users, to ensure the country’s safe digital future both within Hungary and on the broader international stage.

In order to carry out its various regulatory tasks, the Authority is granted wide-ranging autonomy regarding legislation, regulation, specific ex-ante market regulation and comprehensive market surveillance by the legislation governing its operations. The NMHH acts as a regulator and supervisory authority in the communications sector, whereas in the media market it functions as a law enforcement agency to enforce the regulations defining the operating framework of the sector it supervises.

With its every decision, initiative and, where appropriate, sanction, the NMHH aims to maintain a predictable and functional regulatory environment within the domestic infocommunications sector, with clear regulations and transparent operational conditions.

The Authority considers it equally important both to have significant professional cooperation in Europe and to continuously and actively cooperate with the Government of Hungary to help achieve the objectives defined in the Government’s National Infocommunication Strategy and Digital Welfare Program, thereby promoting the widest possible scope of development for a Hungarian knowledge-based society.

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Mission

Our mission is to regulate and supervise the domestic markets within the postal and electronic communications sector, perform media management tasks, and to benefit consumers and users by ensuring the necessary conditions for effective competition.

Vision

In its role as a modern, professional authority, the NHH facilitates the availability of diverse and modern media, infocommunication and postal services in Hungary.

Values

cooperation
responsibility
transparency
teamwork
independence
partnership
professionalism
credibility

Relevant European legal framework

The regulatory framework for the operation of the NMHH is governed by international law, conventions, and Hungarian legislation¹. The authority represents Hungarian interests in the European Union through professional organisations such as BEREC², ERGA³, EPRA⁴ and the ERGP⁵. In adapting to the legal regulatory environment defined by the European Union, it is important for the Authority to provide appropriate, locally relevant responses to arising professional challenges in the Hungarian markets.

EU electronic communications regulations

The primary objectives of EU electronic communications regulations⁶ include promoting competition on the European internal market, facilitating entry to market by new providers, and ensuring a regulatory environment that can stimulate sectoral developments and investments in a predictable manner, using regulatory tools appropriate to the relevant market processes.

One of the most significant features of the current EU regulatory framework in force is protecting consumer rights and enforcing consumer interests. An additional specific objective of the regulations is to help provide access to modern landline and mobile services for every member of society, reduce the infrastructural gap between rural and urban areas, safeguard equal opportunities for vulnerable users, improve the European broadband network, and stimulate sustainable competition. The framework considers the radio spectrum to be a scarce public resource that can contribute to producing highly valuable economic and social goods, and will play a significant role in the future evolution of a sustainable, infrastructure-based competition, as well as in the delivery of certain EU development objectives. The regulatory framework therefore places great emphasis on flexible and efficient spectrum management. This provides opportunities for technology-neutral use, facilitates the use of radio frequencies under general authorisations and ensures the interoperability of networks and services, creates a legal framework for spectrum trading (transfer, leasing) and establishes the market rules for band licensing. According to European Union rules, use may be limited only through justified and proportionate regulations (subject to regular review); the Authority is also responsible for preventing unjustified spectrum hoarding. The importance of spectrum management is likewise evident from the intensifying efforts of the European Union towards spectrum harmonisation.

On 14 September 2016, the Commission issued its proposals for revising the EU electronic communications framework, and for the implementation of new initiatives. The most important element of the package is the proposal for establishing a new European Electronic Communications Code,⁷ which provides a consolidated structure for the Framework Directive, the Access Directive, the Authorisation Directive and the Universal Service Directive. The package also contains a proposal for regulating the role and tasks of BEREC,⁸ a communication on the "Gigabit Internet" vision for businesses and citizens in the unified European digital market,⁹ the so-called "WiFi4EU" draft

¹ In particular: Act C of 2003 on Electronic Communications (Electronic Communications Act), Act LXXIV of 2007 on the Rules of Broadcasting and Digital Switchover (Digital Switchover Act), Act CIV of 2010 on Freedom of the Press and the Fundamental Rules of Media Content (Press Freedom Act), Act CLXXXV of 2010 on Media Services and Mass Communication (Media Act) and Act CLIX of 2012 on Postal Services (Postal Services Act).

² [BEREC](#) (Body of European Regulators for Electronic Communications)

³ [ERGA](#) (European Regulators Group for Audiovisual Media Services)

⁴ [EPRA](#) (European Platform of Regulatory Authorities)

⁵ [ERGP](#) (European Regulators Group for Postal Services)

⁶ In particular: Directives 2002/19/EC, 2002/20/EC, 2002/21/EC, 2002/22/EC and 2002/58/EC, and Regulations 2009/140/EC, 2009/136/EC and 1211/2009/EC amending said Directives

⁷ COM(2016) [590](#)

⁸ COM(2016) [591](#)

⁹ COM(2016) [587](#)

scheme¹⁰, and a Communication on the Action Plan for Fifth Generation (5G) Mobile Telecommunication Networks.¹¹

Among the objectives of the review, particular attention will be given to promoting competition and stimulating investment, including for the construction of very high capacity networks (VHCN¹²).

The European media regulation framework

In addition to traditional linear audiovisual media services (television channels), many users of digital media today are increasingly consuming on-demand audiovisual content (e.g. Netflix, MUBI) and using digital content aggregator/video sharing platforms (e.g. YouTube, Dailymotion). As a result, with a view to the ongoing revision of the EU electronic communications framework, it has become necessary to review the normative media regulatory framework as well.

As part of the *Digital Single Market Strategy* for Europe¹³, on 25 May 2016, the European Commission proposed a comprehensive review of EU media legislation on audiovisual services. The package of proposals aims to create a safer operating environment for all European citizens and businesses, more effective support for European cinematographic works, enhanced protection for children, and more opportunities for effective action against hate speech.

To ensure the protection and preserve the interests of minors and vulnerable users in particular, the European Commission wishes to establish a balance between the provisions governing the various platforms, in order to provide users with the same enhanced level of protection, whether they are accessing content from traditional media services, or online on-demand video content services and video sharing portals.

The proposed measures include encouraging the use of devices for reporting and labelling harmful content by users, mandatory verification of users' age, and the use of parental control systems to prevent access to content harmful to minors. In order to ensure that the measures are future-proof and remain effective, the Commission invites major video sharing platforms to work together in formulating a code of conduct for the industry, by cooperating in an international alliance to provide better protection for minors online.

In addition to the above, a comprehensive review of the Audiovisual Media Services Directive is committed to preserving Europe's cultural diversity and gives greater emphasis than before to supporting the European content industry.

Businesses providing online media services and users who are increasingly not merely consumers, but content creators themselves, are also expected to conduct themselves in a more responsible and law-abiding manner. The lawfulness of online content can be most effectively achieved through self- and co-regulatory cooperation.

One of the basic prerequisites for achieving the goals for reform is to strengthen the institutional independence of media regulators in the Member States, and to improve their cooperation with each other and with the basic institutions of the European Union.

¹⁰ the final text, based on the proposal: Regulation (EU) 2017/1953 of the European Parliament and of the Council of 25 October 2017 amending Regulations (EU) No 1316/2013 and (EU) No 283/2014 as regards the promotion of internet connectivity in local communities,

<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L:2017:286:TOC>

¹¹ COM(2016) 588

¹² Very High Capacity Network

¹³ [DSM](#)

The EU postal regulation framework

The regulation of postal services in the European Union is aimed at gradually achieving an internal market and the provision of reliable, high-quality postal services at competitive prices. One way to achieve this is by encouraging the process of liberalisation, which involves opening up the postal markets, which were previously government monopolies, to new market players. The European Union's Postal Services Directive calls for the full opening up of markets, which implies significant obligations for the authorities of the Member States.

The EU Postal Services Directive¹⁴ mandates the provision of a universal postal service within the European Union (i.e. accessible to all, irrespective of geographical location). The availability of universal services may not be hampered by the obligation for gradual market opening aimed at encouraging competition. Community regulations also seek to safeguard the quality of postal services through community standards, cost-based and transparent prices, and published performance indicators.

The European Commission's draft regulation on cross-border parcel delivery services¹⁵ aims to make tariffs transparent in the market for parcel delivery services between Member States and reduce unjustified differences between charges for parcel delivery services.

¹⁴ Directive 2008/6/EC; <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32008L0006&from=en>

¹⁵ PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on cross-border parcel delivery services (25 May 2016); https://eur-lex.europa.eu/resource.html?uri=cellar:8eec1e90-2330-11e6-86d0-01aa75ed71a1.0002.02/DOC_1&format=PDF

Challenges in the convergent media and communications market

Acting as a convergent authority, the NMHH carries out regulatory and supervisory tasks in a field where the technological background is undergoing dynamic development, innovative services are emerging, and their entry into the market paves the way for the emergence of heretofore unknown business models. To efficiently fulfil its tasks in this robustly changing market, the Authority also needs to continuously monitor and analyse market and technological trends and developments.

Between 2018 and 2022, we can expect the emergence of very high capacity networks, a gradual, continued increase in online mass communication and the consumption of digital content, coupled with changes in consumer behaviour with regards to traditional media such as television and radio media services and print publications.

The actors in the communications ecosystem (equipment manufacturers, service providers) and the Member States are very much anticipating the 5G mobile networks based on the gradual evolution of LTE technology, expected to be available around 2020. These are not simply the successors of the current “LTE/4G” services, allowing for higher rates of data transmission (eMBB¹⁶), but will also open new horizons for the mass IoT (mMTC¹⁷) and so-called “mission critical” (URLLC¹⁸) applications (self-driving cars, remote surgery, virtual reality, etc.) Implementing the ambitious “5G visions” is a major investment challenge, and establishing a regulatory environment that promotes investment yet also considers market competition and consumers’ interests (e.g. radio spectrum, sectoral and competition regulation etc.) is likewise challenging.

It is anticipated that the two new fundamental network principles for 5G networks will be software-defined networking (SDN) and network function virtualisation (NFV). These new principles will help reduce operating costs, making it easier and faster to introduce new, innovative services and business models. In addition to higher performance, flexible networks and lower costs, the new technological solutions will also create opportunities for establishing new business and service models that can lead to a radical transformation of the value chain in the existing digital ecosystem, the emergence of new players, and a redefined role for service providers. Currently, it is believed that the new 5G technologies and solutions, such as the principle commonly referred to as network slicing can play a key role, enabling mobile network operators to effectively and flexibly share their network resources with service providers specialised to serve the special needs of related industries (e.g. healthcare, transport). All of these will also affect the regulation of electronic communications, as there remain many other technological, standardisation and regulatory issues (e.g. the connection to the principle of “net neutrality”) that have yet to be made clear.

The Internet is no longer merely a tool for information retrieval; it has now become the primary medium for communication and content consumption. Although television’s share in Hungarian media consumption channels remains high,¹⁹ OTT audio and video services²⁰ are increasingly popular, especially among young people, in line with international trends. These services are widely used both on fixed and mobile devices. These allow users far more freedom than ever before to choose the content they wish to access, as well as the time and place of consumption. The presence of international players is also showing growth within the domestic media market, although we are still in the early stages of the European expansion of the major global players (Netflix, Amazon Prime). One

¹⁶ Enhanced mobile broadband

¹⁷ Massive machine-type communications

¹⁸ Ultra-reliable and low-latency communications

¹⁹ According to the NMHH survey, in 2016, 88% of households had a paid subscription to a TV service, and 64% considered that service “indispensable”. NMHH research; [Electronic Communication Services Usage by Households and Individuals](#), 2016.

²⁰ Over the Top – Services provided over the Internet.

consequence of this process is that the proportion of Anglo-Saxon works seen in the media content offered is showing steady growth. An examination of the proper representation of European works offered by these market players will be of particular importance in the future, even when compared with other media services. One of the key advantages of online platforms can be the continuous, targeted improvement, optimisation and customisation of media content and advertising to users' needs, based on the huge amount of content consumption data collected by these platforms.²¹ In addition, global OTT service providers are able to leverage their economies of scale to offer favourable prices and rich content, in comparison to which the greater understanding of the market and localisation advantages (Hungarian cultural and language content) enjoyed by domestic service providers cannot offer much competitive advantage. Although more extensive and versatile offers to consumers can bring significant benefits, it may prove more difficult for regulatory authorities to enforce obligations (such as age ratings and labelling) for media service providers, and to take effective action against infringing content.

When compared to traditional media services, the emergence and spread of social media appears unstoppable. According to an international survey²², nearly two-thirds of Hungarian consumers (64%) get their news (partly or even exclusively) through social media platforms. In addition to its many advantages, social media also presents a challenge to regulators in terms of dealing with "dangerous" content (such as hate speech, fake news, or content harmful to minors) published in these media. A long-term solution for this would involve preparing and educating consumers, empowering them to become critical and knowledgeable users and ethical content creators.

The effective and innovative management of scarce resources that takes into account international and European obligations, maintaining and revitalising a sustainable level of market competition, modernising media management, regulating the modern communications market, increasingly effective market surveillance, and the growing significance of social responsibility ultimately all serve the same goal: to protect the interests of domestic users and consumers through the consistent enforcement of existing legislation in an increasingly complex world.

Changing trends in digitalisation and communication also significantly transform the use of postal services. The volume of ordinary mail sent by post in Hungary has dropped by one-third,²³ largely losing ground to e-mail and other messaging services. Online services and e-commerce have also caused major disruptions to the other major postal business, parcel delivery, including the last-mile delivery step of the online shopping process. The rise in online shopping and home delivery services²⁴ are causing a significant growth in parcel traffic, as evidenced by the increased turnover of domestic webshops and the continued expansion of the parcel delivery points of the Hungarian state postal service (Magyar Posta).²⁵

²¹ BCG (2016, p. 21-22): [The 2016 TMT Value Creators Report – Unleashing Technology, Media, and Telecom with Digital Transformation](#)

²² Reuters Institute for the Study of Journalism: [Digital News Report 2016](#).

²³ Hungarian Central Statistical Office (HCSO): Between 2007 and 2016, the number of ordinary mail items sent by post decreased from 906.5 million per year to 632.2 million.

²⁴ According to research conducted by eNET Internetkutató Kft. among webshops, the turnover of domestic online retail sales increased from HUF 319 billion in 2015 to HUF 427 billion in 2016.

²⁵ According to Magyar Posta's 2015 annual report, the company had close to 3000 parcel pickup points in Hungary

Overall strategic goals and priorities of the NMHH (2018-22)

Comprehensive strategic goals	Priorities
I. Stimulating sustainable competition, innovation and investment	I.1 Exploring new telecommunications regulatory challenges I.2 Dynamic and effective regulations stimulating competition I.3 Efficient management of scarce resources (radio spectrum, numbering resources)
II. Modernising media management	II.1 Improving the media management system II.2 Encouraging self- and co-regulation II.3 Analysing changes in content consumption habits, their impact on regulation, and identifying justified measures
III. Promoting the interests of subscribers and users	III.1 Enforcing the interests of subscribers and users, especially regarding vulnerable users III.2 Supporting informed and responsible decision-making on the part of subscribers and users, promoting awareness III.3 Engaging with electronic information security and service security issues
IV. Promoting operational excellence	IV.1 Improving organisational and economic efficiency IV.2 Employer image and brand building IV.3 Partnering with Hungarian public administration actors, consumer advocacy organisations, industry organisations and academia, and cooperation with market players IV.4 Further strengthening international relations, applying and sharing best regulatory practices

I. Stimulating sustainable competition, innovation and investment

Comprehensive strategic objective	Priority
I. Stimulating sustainable competition, innovation and investment	I.1 Exploring new telecommunications regulatory challenges I.2 Dynamic and effective regulations stimulating competition I.3 Efficient management of scarce resources (radio spectrum, numbering resources)

Stimulating sustainable market competition and continuously analysing the state of market competition are among the key goals for the Authority, as they serve as the basis for providing adequate service quality, selection, competitive pricing and innovation to subscribers and users.

Perhaps the most important electronic communications network developments during the 2018–2022 timeframe will be the establishment of Gigabit networks, as well as the gradual improvement of the current 4G networks, followed by the establishment of 5G networks. The development and early introduction of 5G networks is a high-priority government objective, which is also supported by the NMHH. However, future 5G developments, in particular, the realisation of the ambitious 5G government objectives²⁶, also pose serious regulatory challenges, which must be addressed promptly by the Authority. A key goal of the NMHH is to ensure that the diffusion of new technologies does not substantially reduce the level of market competition. In order to stimulate innovation and investments, the Authority should seek to reduce regulatory burdens and regulatory risks, bearing in mind the long-term interests of both the sector and the users.

I.1 Exploring new telecommunications regulatory challenges

As a result of government support and self-financed network development, the establishment of a nationwide network infrastructure providing bandwidth of at least 30 Mbps will have been largely completed in Hungary by the end of 2018, and rapid technological developments will continue to drive the implementation of Gigabit internet access. In addition, starting in 2020, 5G networks complying with the standards that will have been adopted by then will begin to appear, allowing for the creation of fundamentally new business models and vertical services.

In this volatile market situation, it is important to look ahead and examine the effects of future changes in technology and business models, as these may involve many regulatory challenges (e.g. net neutrality issues). Regulatory tools continue to focus on the nature of the services provided, adhering to the principle of technology neutrality.

For instance, an important regulatory challenge is the mass adoption of virtual SIM cards installed in IoT devices during manufacturing (e.g. automatic emergency call services in cars), since the use of the tools will not be limited to a single country or an economic community, which will consequently place certain issues in international focus, such as service announcements, authorisation, or ID management.

²⁶ "(1) Hungary to become a European hub for 5G developments by 2018; (2) Hungary to play a leading regional role in testing applications based on 5G technology; (3) Hungary to be among the first to adopt 5G technology after 2020." Digital Success Programme 2.0. Strategic study. Budapest, July 2017

The Hungarian adoption of the EU electronic communications regulatory framework currently under review will also have implications for a number of regulatory areas. The review is expected to affect, among others, the evaluation of very high-capacity networks, the status of new developments, symmetrical access obligations for certain non-replicable assets, and issues such as the need to regulate network operators providing wholesale services only.

Within the period of 2018–2022, in addition to electronic communications, changes are also expected in the field of postal supervision, with the planned EU regulation on cross-border parcel delivery services. The Commission is of the view that postal service providers in a number of EU member states charge unjustifiably high fees for the delivery of parcels sent other member states. Based on their proposal,²⁷ the national postal supervisory authority will likely have to verify the affordability and proportionality of fees, ensure the transparency of tariffs, and stimulate market competition through transparent and non-discriminatory access to cross-border parcel delivery services and infrastructure.

I.2 Dynamic and effective regulations stimulating competition

The primary task of the Authority is to establish a regulatory environment that supports the availability of high quality, diverse and innovative services to users on the market at affordable prices. The Authority can achieve this objective primarily through the promotion of sustainable competition, which, in the long run, will dynamically stimulate innovation and investment on the part of service providers.

There are a number of tools available to the Authority to stimulate competition, which indirectly (e.g. operating a price or service quality comparison portal) or directly (e.g. imposing wholesale obligations) affect the operating environment, regulatory risks and burdens for the market players involved.

In addition to the traditional *ex-ante* regulatory tools, the NMHH is increasingly focusing on developing the *ex-post* regulatory toolbox (through decisions made in litigation, which can serve as guidance for market players); promoting digital and media literacy and sharing transparent market information.

The Authority has developed and is currently operating the Szélessáv.net²⁸ website, which is capable of gathering and collating service quality data. Giving users a reliable comparison relevant to their home location can substantially enhance competition and stimulate investment. Growth in demand may also improve the return on market-based investments, allowing competing service providers to appear in more geographical areas.

Developing a common understanding with service providers and improving the dialogue between the Authority and service providers continues to be important, as understanding the operations and goals of the parties involved is a vital factor in determining the amount of freedom service providers have for creating innovative offers, as well as in balancing the enforcement of regulatory principles with innovation and the freedom to conduct business.

I.3 Efficient management of scarce resources (radio spectrum, numbering resources)

The efficient management of scarce resources plays a critical role in achieving the overall strategic objective of stimulating competition and investment. The purpose of spectrum management is to promote the most efficient use of the radio spectrum, keeping it free from harmful interference while meeting the constantly evolving socio-economic spectrum needs. At the same time, the mass adoption of IoT/M2M systems may lead to a previously unseen shortage of identifiers (e.g. numbering resources) and emerging needs for reviewing existing regulation (e.g. extraterritorial use of national numbers).

²⁷ http://europa.eu/rapid/press-release_IP-16-1887_en.pdf

²⁸ <http://szelessav.net/en/> ("széles sáv" means broadband in Hungarian)

The continued dynamic development of mobile broadband services and support for the spread of 5G mobile networks, IoT devices and related services in Hungary will require access to new frequency bands over the timeframe for the strategy. At the same time, due to the scarcity of technically appropriate frequencies, some of the additional bands suitable and necessary for network development may require partially releasing frequency bands currently designated for and used by other services (e.g. broadcasting services). However, spectrum management also requires that the civil and non-civil developmental needs of other stakeholders (such as terrestrial broadcasting, public protection and disaster relief [PPDR], military entities etc.) are also taken into account. Considering the relevant international obligations that must be taken into account, the Authority supports innovative technologies and technical solutions facilitating a more intensive, shared and multiplicative use of frequency bands, while naturally also taking into account competitive considerations.

The utilisation of the 694–790 MHz band (700 MHz band, Digital Dividend 2 [DD2]) for MFCN (Mobile/Fixed Communication Networks) purposes will be the most challenging issue in the coming period. As the band is due to be vacated for 2020, only a 30% narrower frequency band (470–694 MHz) will be available for the currently available digital terrestrial television (DTT) broadcasting, which will necessitate a reduction in services (number of television channels), if there is no change in the technology currently in use (DVB-T). Maintaining or increasing the current services offered may require a technological upgrade (DVB-T2), that is, a new (second) “digital switchover”.

Technological advances, including the new generation of mobile services, namely 5G, may open up the potential for the mobile broadband utilisation of millimetre wave frequency bands (i.e. bands over 24 GHz), which are higher frequencies than what has heretofore been used. The new technological development is expected to allow a capacity increase of up to tenfold for mobile operators, though most of this increase will likely only materialise in the more densely populated urban areas. The Authority may assist market players in taking advantage of this opportunity by the making these spectrum bands available for MFCN. However, it is also important to consider the interests of the current users of the frequency ranges in question.

II. Modernising media management

Comprehensive strategic objective	Priority
II. Modernising media management	II.1 Improving the media management system
	II.2 Encouraging self- and co-regulation
	II.3 Analysing changes in content consumption habits, their impact on regulation, and identifying justified measures

Our strategic priorities in media management are to further improve the existing, effective Hungarian media management system to keep it in line with European regulatory processes, to regularly review opportunities to expand self- and co-regulatory cooperation and the range of partners involved in a dynamically changing environment, as well as to investigate potential forms of future cooperation, placing special emphasis on ERGA recommendations and best European practices.

II.1 Improving the media management system

Online media consumption is beginning to catch up with the dominant linear media formats. As a result, it is necessary to implement a protection mechanism that can guarantee the security of media consumers, regardless of the service platform, the technology used, and the cultural medium of use.

Today, many of the major linear media service providers have a strong online presence; thus, certain media market players have become hard to differentiate based on service media or their place in the content service value chain. Even intermediary service providers who do not perform independent media service activities in the traditional sense have gained significant reach as influencers. These include, for instance, web search engine providers or (in some cases, global) content aggregators that are not legally established in the country, or may not even qualify as media service providers, but have nonetheless become key players in the everyday digital content and news feed consumption of Hungarian users.

In particular, changes in on-demand media services have necessitated the amendment of the most important core legislation of the EU media regulatory framework: the Audiovisual Media Services Directive²⁹ (hereinafter: AVMS). In the world of convergent media services, it is important that users should enjoy all the protections they have grown accustomed to when using traditional media services, whether these be for the protection of minors from harmful content, and all citizens from content containing incitement to violence or hatred. Citizens must be allowed to enforce their rights and make informed decisions in the online space, obtain information in a confident and responsible manner, consume diverse media products by leveraging media pluralism, and freely create and share ethically sourced user content they themselves produce.

The key areas of development efforts focus on restricting minors from accessing harmful content by employing efficient and affordable technical solutions, and implementing a universal content classification system capable of serving as a reliable point of reference for parents to determine whether a specific programme may be a potential risk for their children.

²⁹ DIRECTIVE (EU) NO. 2010/13 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the provision of audiovisual media services (Audiovisual Media Services Directive) dated 10 March 2010. (Published on page 1 in issue no. L 95 of the Official Journal of the European Union, dated 15 April 2010, effective from 5 May 2010.) (AVMS); <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32010L0013&from=EN>

In addition to these challenges, the Authority also has a growing role to play in the development of prevention and social responsibility, public education, information and legal aid (Internet Hotline) functions designed to promote the protection of children and other users online, as well as media literacy, media awareness, and to foster a sense of personal responsibility in consumers.

According to the 2017 Report of the European Audiovisual Observatory³⁰, in 2016 there were 4063 television and 2207 on-demand media services registered within the European Union, and almost a third of such services targeted member states other than their home countries. Hungary is considered to be a typical destination country in this regard: there are 79 television and 18 on-demand media services that are not registered in Hungary but nonetheless target Hungary with their services. These services pose a regulatory challenge, as the Authority has limited jurisdiction in these matters. The NMHH wishes to be instrumental in Hungary transforming into a host country for media service providers rather than merely a destination country.

In cooperation with the European Audiovisual Observatory operating the MAVISE database and using its media patronage programme and any applicable co-regulation, the Authority promotes the international recognition and popularisation of Hungarian art.

II.2 Encouraging self- and co-regulation

Self- and co-regulation has emerged as a new element of the media regulation system in force since 2011. This form of regulation and its enforcement is also promoted by the AVMS Directive in media management. The co-regulation system established in media regulation provides private legal entities with the opportunity to participate in the provisioning of public tasks stipulated by the Media Act. The concepts of self- and co-regulation, currently use the OECD definitions.³¹ The ERGA is also actively investigating the status and applicability of these concepts, as well as their potential for further development.

According to the ERGA, co-regulation is most likely to affect areas of content categorisation, age rating, filtering software, and the development of technical solutions designed to strengthen protections for users.

Self- and co-regulation can also play a role in areas such as the effective protection of minors online. In Europe, we found approximately 30 cases qualifying as such. The objective of these joint efforts is to ensure that minors remain unable to access harmful content, even in a convergent media environment, and that parents are assisted by a content and age rating system to help them make responsible decisions even for appropriate and accessible content.

Academia can also play an important role in analysing the operating mechanisms and economic models of the convergent media world. Scientific cooperation can effectively help identify new bottlenecks, modernise media regulation and management tools, and evaluate social processes and user habits.

³⁰ European Audiovisual Observatory: [Audiovisual services in Europe – Focus on services targeted at other countries](#). 2017

³¹ **Self-regulation:** A form of behavioural control in which organisations and interest groups regulate themselves, recognise the standards they create as compulsory for themselves, and they themselves also control the enforcement of these standards.

Co-regulation: Co-regulation is the involvement of both the subject of regulations and the public authorities in the regulatory process at the appropriate level. Co-regulation is based on cooperation between authorities, industry players and other interest groups, such as consumers. European Commission, "Second Evaluation Report" 2004.

II.3 Analysing changes in content consumption habits, their impact on regulation, and identifying justified measures

One of the dividends of the convergent digital ecosystem is that access to various audiovisual content, information, opinions, professional and user content is far easier than it has ever been. Confident, aware, responsible and secure navigation in a sea of social media platforms, blogs, vlogs, news portals and services relevant to the online media and information society has become vital.

Despite the altered environment for consumption, users rightly expect to be provided with diverse and varied media content, reliable, real news and information. Media services must be accessible to minors and people with disabilities in a way that is safe and appropriate to their needs. The Authority encourages service providers to adhere to media management requirements regardless of service platform, and to take action against hate speech, inflammatory or otherwise illegal content.

All these guarantees must be provided by the media regulator with the least possible state interference, guaranteeing the non-discriminatory and free flow of information, opinions and services, and ensuring media pluralism and freedom of expression in the convergent media world.

III. Promoting the interests of subscribers and users

Comprehensive strategic objective	Priority
III. Promoting the interests of subscribers and users	III.1 Enforcing the interests of subscribers and users, especially regarding vulnerable users III.2 Supporting informed and responsible decision-making on the part of subscribers and users, promoting awareness III.3 Engaging with electronic information security and service security issues

The overall strategic goal is to help the NMHH and the government realise their shared vision of enabling subscribers and users to “have well-designed, secure access to the products of the digital world, anywhere, anytime”.³² The NMHH directly protects and assists users with a wide spectrum of the regulatory tools available to them (e.g. universal services, market surveillance) and indirectly helps enforce user interests through other means as well (e.g. litigation, market regulation). These other tools serve (e.g. via Szélessáv.net, AMCI³³) to enable users to find services with the most favourable conditions (price, quality), and also assist them in taking advantage of the opportunities offered by a wide range of modern, digital services, by providing the necessary information and education. In addition to the above, the Authority also wishes to help protect users by promoting information security and ensuring the continuity of service provisioning.

III.1 Enforcing the interests of subscribers and users, especially regarding vulnerable users

The Authority supports the enforcement of user interests in a number of areas and with a wide variety of tools, and strives to maintain a balance of power between subscribers and service providers, both in communications (including postal services) and in media services. This objective is served by a number of priorities, including but not limited to the protection of users' rights, which involves the continuous monitoring of subscriber contracts and services, accelerating and simplifying switching to another service provider, ensuring the adequacy and transparency of contractual terms and the quality of services; as well as general regulatory supervision and comprehensive regulatory market surveillance.

The Authority pays special attention to people with disabilities and users who need special protection or have difficulties using telecommunication and media services due to their financial situation, qualifications, age, place of residence or other reasons. The NMHH can improve the status of these user groups by promoting, among other things, the universal service system (definition of the content of services, control and funding) and ensuring that services are gradually made accessible,³⁴ as well as the continuous monitoring of the conditions for use.

The Authority also considers it one of its key tasks to reduce the potential for harmful content to reach minors, and to enforce media rules designed to protect minors in order to create child-friendly, safe

³² [Magyarország Elektronikus Hírközlés-politikája \(Hungary's Electronic Communications Policy\)](#) – vision; page 5 (approved based on Government Decree 1062/2017. (II. 8.))

³³ [AMCI](#)

³⁴ e.g. strict enforcement and validation of programmes available to the hearing impaired

media and Internet, In addition, it also seeks to strengthen the protection of minors on the world wide web and to improve the media awareness of children and parents.

An expected impact of delivering on this priority is an increase in the proportion of vulnerable user groups who can also enjoy the advantages afforded by the digital world. To this end, the Authority is actively involved in the implementation of innovative government initiatives for similar purposes, such as the Digital Child Protection Strategy.

III.2 Supporting informed and responsible decision-making on the part of subscribers and users, promoting awareness

Demand constraints currently represent a significant barrier to further growth on the Hungarian communications market. Beyond efficient market regulation, i.e. handling the issues arising on the supply side, the international competitiveness of Hungary is greatly dependent on the usage of digital services and content. Media and content consumption awareness and the use of smart devices presupposes a degree of awareness (digital competence and literacy) on the part of the user as well; this is necessary for the confident and critical use of information society technology in a wide range of life situations. There are already significant differences between the levels of these skills across different generations and social and geographical groups, and while this is primarily a government function, the NMHH also has a key social responsibility in using the tools available to it to promote the comprehensive improvement of digital competences.

With the exception of the most severely disadvantaged households, the vast majority of households with schoolchildren, even those in financial straits, subscribe to Internet access services.³⁵ This means that with increasing access to the Internet targeted subsidies (preferential Internet access packages, funding for notebook purchases, etc.) allow for more and more children and young people to enter online spaces without the backgrounds that could adequately educate them on how to take advantage of the opportunities afforded by the Internet, or how to protect themselves against digital threats.

The Authority's long-term objective is to significantly increase awareness among users, and make sure that they are capable of assuming responsibility, accessing information and making informed decisions. Every effort should be made to ensure that users become knowledgeable consumers of media and communications products, and that the public approaches media content with a healthy degree of scepticism. The government measures aimed at improving digital literacy may be underpinned by demand-side market research carried out by the Authority, as well as the knowledge base of any such surveys. In addition, the Authority can use communication and institutional tools (e.g. methods available to the Magic Valley Media Literacy Education Centre) to improve the skills of future users.

Another one of the Authority's top priorities is to increase the users' awareness of communications services, the range of services available to them at home, and the quality and cost parameters of the various offers. To this end, Szélessáv.net, the Authority's Internet speed metering website provides consumers with reliable, independent and objective information on the quality parameters of domestic broadband services, thus helping consumers seeking out better deals and making informed choices. For example, the average monthly cost indicator (AMCI) calculated by the Authority allows users to choose the services providing the best value-for-money that they can afford, helping them meet their own needs at the lowest possible cost. Within the timeframe of the strategy, the Authority plans to

³⁵ NMHH research; Electronic Communication Services Usage by Households and Individuals, 2016. ([Full report in Hungarian](#); [Research summary in English](#))

introduce Hír-Közmű, a system providing information on electronic communications networks and infrastructures, and to continuously develop and update our existing services.

III.3 Engaging with electronic information security and service security issues

The widespread use of infocommunications systems and modern digital services, and their growing importance in the national economy also increased the vulnerability of both society and government to security risks and system failures. These risks concern the confidentiality and security of the personal and sensitive data stored, processed and sent using information systems and electronic communications networks, the integrity of data and critical infrastructure,³⁶ as well as the continuous availability and accessibility of communications services.

The proper management of information security challenges and the development of effective and risk-proportionate protection are key to preventing and mitigating the damage caused by cybercrime, which can otherwise be significant even at the national level, as well as to maintaining and strengthening confidence in services. In this area, within the timeframe of the strategy, the government and the Authority both have significant roles to play in preparing to introduce and apply the EU GDPR³⁷ in Hungary (which may also require coordination in legal harmonisation) and handling the new types of challenges relevant to electronic communications services security (e.g. challenges arising from the spread of IoT devices, applications and systems).

In addition to the role played in information security, it is equally important to promote the security and continuity of electronic communications services, given that the availability of said services is in the public interest. To this end, creating a regulation (decree) defining the requirements and mandatory elements of the so-called “business continuity plan”³⁸ is the most vital task.

In order to achieve the above objectives and to effectively address the challenges of electronic information security and service provisioning security, the Authority seeks the widest possible range of cooperation with all relevant Hungarian and European actors.

³⁶ Electronic communications and postal networks and services

³⁷ General Data Protection Regulation – Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation); <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32016R0679&from=EN>

³⁸ Disaster prevention, relief, recovery and business continuity plan required from the service provider to resolve any malfunction due to technical, traffic, environmental, or other hazards or disasters. The plan must include all mandated elements, and must be continuously revised and maintained

IV. Promoting operational excellence

Comprehensive strategic objective	Priority
IV. Promoting operational excellence	IV.1 Improving organisational and economic efficiency IV.2 Employer image and brand building IV.3 Partnering with Hungarian public administration actors, consumer advocacy organisations, industry organisations and academia, and cooperation with market players IV.4 Further strengthening international relations, applying and sharing best regulatory practices

The authority operates in a challenging and constantly changing professional environment, where it has to remain flexible and adapt to changing conditions, while keeping national interests in mind. For the Authority to be able to respond appropriately to new regulatory challenges in the future, it is essential to work on developing its organisational culture and institutional processes, and to have the right workforce available. To this end, the Authority intends to put even greater emphasis on establishing a unique image as an employer, as well as retaining and recruiting employees with the required qualities.

In order to perform its tasks efficiently, continuous and intensive cooperation with domestic and international organisations and market players is also vital.

The operational, annual tasks associated with these priorities will help the NMHH successfully implement the institutional developments outlined in the overall objective within this strategy's timeframe.

IV.1 Improving organisational and economic efficiency

The improvement of organisational and economic efficiency greatly contributes to the modernisation of the internal functioning of the NMHH, allowing it to adapt to the changes of the external environment.

In addition to strategic planning, it is also necessary to set up annual operational plans, and to follow up on their implementation. Managers must be provided with up-to-date information regarding progress in implementing these tasks. Continuous improvement of the information flow is an indispensable component of this task.

Today, e-administration plays a prominent role, which is emphasised by the Authority both in its internal operations and in its cooperation with market players.

In addition, the operations of the authority are largely determined by the professional competence and motivation of the staff. Therefore, the NMHH develops awareness training and development programs, and provides a working environment which is conducive to the staff achieving their personal goals and thereby being able to contribute to higher level organisational goals.

The NMHH is responsible for the revenue/expenditure related to its activities, seeks to optimise costs to ensure economic efficiency, and continuously updates the IT management systems and business management processes.

IV.2 Employer image and brand building

The younger generations are just as sensitive to the credibility, popularity and personal appeal of an employer when making career decisions as they are when choosing any other product or brand. This is why the NMHH seeks to have a consistently designed look and image that goes beyond updating the external website: it involves improving the consumer user experience on all public-facing platforms. Regular appearances on social media and the credibility of information provided by the Authority are also important for this same reason.

In order to recruit and retain the human resources required for the organisational efficiency described above, it is essential to build up a modern employer image, and to properly communicate organisational values.

The foundation of the high quality work performed by the Authority, and the success and the efficiency of the organisation is ensured by highly qualified, continuously trained, properly motivated and committed workforce. Therefore, the NMHH places great emphasis on the development of staff skills and abilities through the implementation of training and development programs, and on expanding its professional know-how and institutional knowledge base.

IV.3 Partnering with Hungarian public administration actors, consumer advocacy organisations, industry organisations and academia, and cooperation with market players

The NMHH seeks to maintain a professional relationship with market players, public administration and advocacy bodies, co-regulators and other stakeholders.

Within the context of partnership, the Authority holds consultations with industry players, aiming to achieve an in-depth understanding of all different points of view, enabling it to make well-informed, professional decisions. The Authority cooperates closely with public administration actors in developing policy positions for all current issues related to communications and the media market.

The NMHH aims to be a vital reference point not only for the Hungarian media, but also for media market observers and analysts, while maintaining an active relationship with academia and professional research workshops.

IV.4 Further strengthening international relations, applying and sharing best regulatory practices

Understanding and sharing the best regulatory practices is essential for enabling the Authority to respond to the challenges that may arise in a timely manner, and with appropriate professional expertise. Authority experts are involved in a number of international professional organisations (BEREC, ITU, RSPG, etc.), which provides opportunities for sharing knowledge and experience. Domestic and international workshops and conferences likewise provide a platform for expanding professional expertise.