



Telecommunications, Internet, Quarter 4, 2014

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Introduction

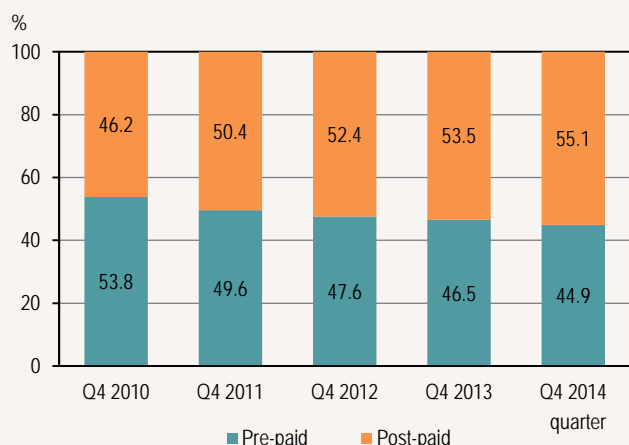
In the fourth quarter of 2014, the number of registered mobile phone subscriptions was close to 11.8 million. Within this, the proportion of post-paid subscriptions continued to increase to 55%. Calls initiated from mobile phones accounted for more than four fifths of the total time spent on the phone. Mobile data traffic rose year-on-year by 35%. The number of internet subscriptions continued to increase: at the end of the fourth quarter of 2014, it was nearly 7.3 million, 65% of which were already mobile internet subscriptions.

Telecommunications

At the end of the fourth quarter of 2014, the number of mobile phone subscriptions was 11.8 million expanding by 120 thousand over a year and even more, by 168 thousand, compared to the previous quarter. At the end of the reference quarter, there were 120 mobile phone subscriptions per hundred inhabitants, nearly four times as many as fixed line subscriptions. Compared to the same period of 2013, the number of post-paid subscriptions increased by 4.1% to more than 6.5 million. In contrast, the number of prepaid subscriptions decreased by 138 thousand, and their proportion fell by 1.6 percentage points.

Figure 1

Distribution of mobile-subscriptions

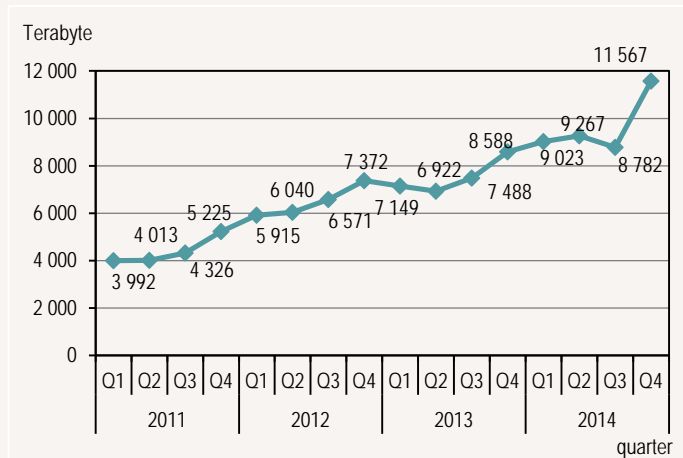


From the end of 2011, the number of post-paid subscriptions ensuring more favourable conditions consistently exceeded the number of prepaid subscriptions. In many cases the per-minute-charges of post-paid services are lower than those of pre-paid subscriptions, furthermore, phone calls can be paid from a part or the whole of the monthly fee. In addition, in many cases the monthly fee provides not only favourable per minute charges, but a favourable data traffic scheme for the users.

Along with the spread of post-paid subscriptions, the number of mobile data subscriptions continued to increase, data traffic (11.6 thousand terabytes) increased by 35% in the fourth quarter of 2014 compared to the fourth quarter of 2013. In particular it can be explained with the development of network infrastructure and the broader proliferation of internet enabled mobile technological devices. In Hungary, mobile operators have steadily built up a fourth generation (4G) mobile network since 2011, with which the users get the opportunity of faster web browsing if they have suitable mobile phones.

Figure 2

Changes in mobile data traffic



In the reporting quarter, the number of SMS and MMS messages decreased by 2.3% and 6.5% respectively compared to the same quarter of the previous year, which was the consequence of a significant increase in mobile data traffic.

In the fourth quarter of 2014, the number of calls made grew by 1.7% compared to the fourth quarter of 2013. In 2014 as a whole, overall, 8.1 billion calls were initiated from mobile networks, 0.7% more than a year ago. In 2014, considering the direction of call, the number of calls to other mobile networks increased the most (by 5.9%).

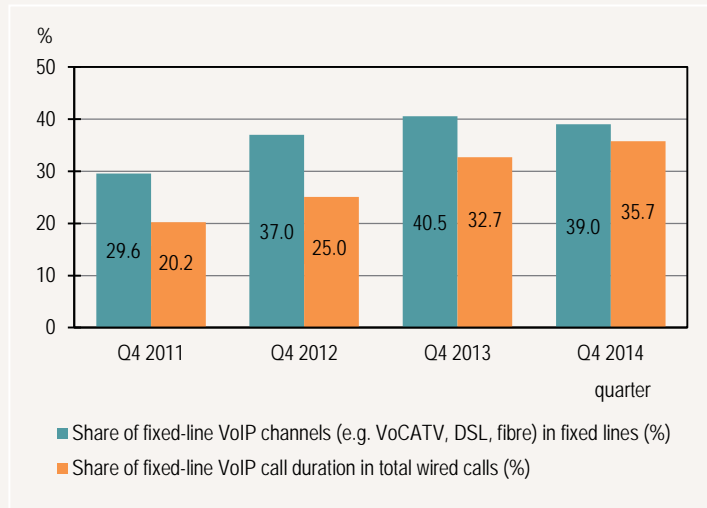
In the course of 2014, the duration of calls initiated from mobile networks was more than 19 billion minutes, which was 5.0% more than in 2013. In the last quarter of 2014, compared to the same period of the previous year, the total number of minutes spent on mobile calls (5.0 billion minutes) increased by 6.9% to more than 4.9 billion minutes. The duration of calls made to other networks rose by 15%, while the duration of calls to the same network increased by 4.6%.

In the fourth quarter of 2014, the number of calls per mobile subscription was 174, one more than a year earlier. During the reference period, the average talk time per subscription was 422 minutes, which meant 4.6 minutes of phone calls per day.

In the fourth quarter of 2014, the number of **fixed lines** exceeded 3 million, thus it increased by 3.8% compared to the same period of the previous year. The proportion (39%) of the VoIP audio channel (cable television as well as broadband enabled fixed telephone service) in the number of fixed lines – differing from the previous quarter – decreased and it was 1.5 percentage points lower than in the same period of the previous year. The share of ISDN lines (12%) was virtually unchanged during this year. On the last day of this period, the number of fixed lines per 100 inhabitants was 31.

Figure 3

Changes in VoIP phone calls

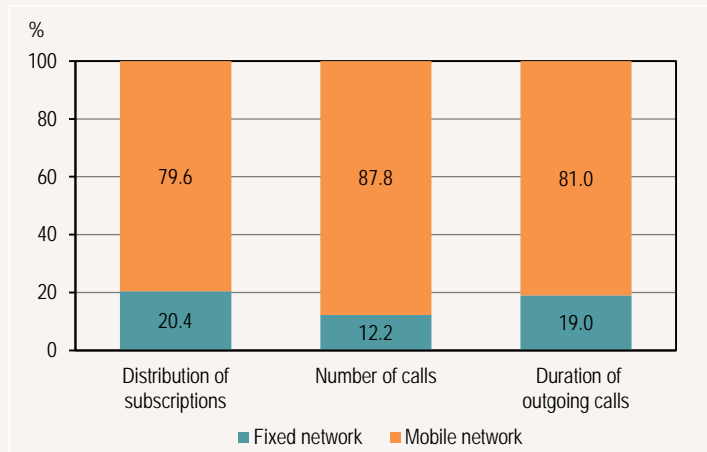


In the fourth quarter of 2014, the combined number and duration of fixed-line calls decreased by 12% and 8.6% respectively compared with quarter 4 2013. Fixed VoIP¹ accounted for more than one third of the total call duration. In 2014, the ratio (31%) of VoIP-type calls to all calls increased by 2.2 percentage points.

In the fourth quarter of 2014, the tendency that the subscribers had fewer but longer calls (4.1 minutes) compared with mobile phoning (2.4 minutes), was also characteristic. In the period under review, the number of calls per line (without internet calls) was 94, 18 fewer than a year earlier. Calls initiated from fixed line phones accounted for nearly one fifth of the total time spent on the phone.

Figure 4

The distribution of the more important data of fixed and mobile phone calls, quarter 4 2014



In the fourth quarter of 2014, the net sales (HUF 203.7 billion) of the observed telecommunications service providers (internet, cable TV, telephone) from telecommunication activities were 3.0% lower at current prices than in the same period of the previous year (HUF 209.9 billion). Within this, the revenues of mobile telecommunication services decreased by 0.4% over the year.

Internet

A dynamic growth continued in the internet market, at the end of the fourth quarter of 2014 the number of subscriptions exceeded 7.2 million, which was 12% more than in the same period of 2013. The market kept concentrating: 7 companies accounted for more than 93% of subscriptions. In the period under review, personal subscriptions and business subscriptions accounted for 80% and 20% respectively of all subscriptions. Compared to the same period of the previous year, this was a 5 percentage point shift towards individual subscriptions.

Figure 5

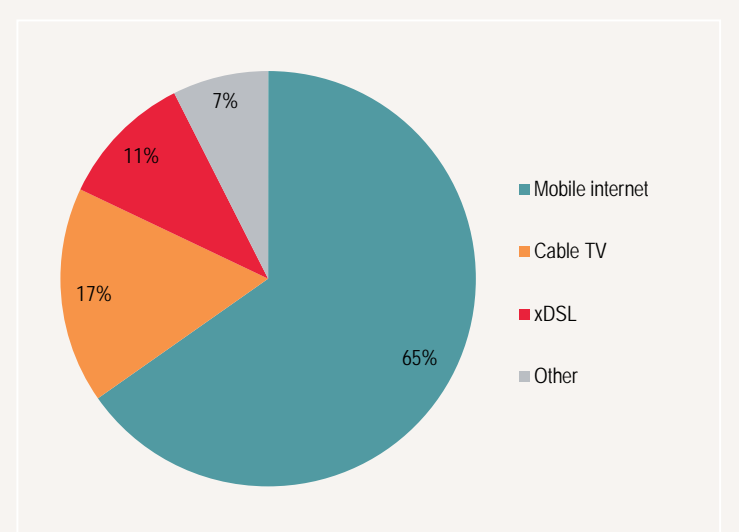
Changes in the number of internet subscriptions



In the fourth quarter of 2014, the wireless segment increased by 17% compared to the same period of the previous year. The increasingly affordable mobile internet, also increasing by 17%, significantly contributed to this. Mobile internet accounted for 65% of subscriptions; its proportion grew by 2.4 percentage points over a year.

Figure 6

Distribution of internet subscriptions, quarter 4 2014



¹ Fully or partially VoIP technology (voice services that are transported via the Internet or other IP-based networks) based fixed calls.

Of the two most significant technologies of fixed internet, the number of cable network subscriptions - having a nearly 17% share - increased by 7.1% year on year, while the group of xDSL subscriptions was essentially stable (-0.3%). Over a year, there was a 2.2 percentage points reduction in the proportion of subscriptions of broadband services (cable TV and xDSL). In the period under review, the number of subscriptions in the other category - which includes LAN internet and next-generation optical networks - was 38.7 thousand subscriptions (10%) higher than in the previous period. Within total subscriptions, its share was virtually unchanged over the year, at the end of the period under review it was 5.8%. The number of switched-line (modem) and ISDN subscriptions continued to decline by 19% compared to the same period of the previous year.

Table 1

Changes over time in fixed and mobile internet data traffic, 2014

Quarter	Wired download traffic, terabytes	Wired upload traffic, terabytes	Mobile internet traffic, terabytes
2014 Q1	213 946	127 297	6 842
2014 Q2	200 047	115 219	7 174
2014 Q3	210 901	122 426	8 147
2014 Q4	274 428	146 849	9 135
Total	899 323	511 792	31 297

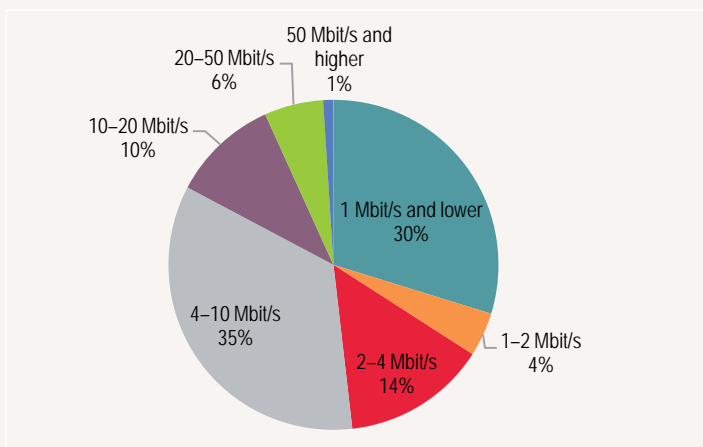
Unit: 1 terabyte = 1024 gigabyte.
Source: NFM OSAP 1994, intra-year data of internet services.

In the period under review, through the wired internet, subscribers had download traffic of 274 thousand terabytes and upload traffic of 147 thousand terabytes. On an annual basis, the download traffic was 899 thousand terabytes and the upload traffic was nearly 512 thousand terabytes. In the fourth quarter of 2014, the mobile internet traffic was 9.1 thousand terabytes, which was 12% higher than in the previous quarter. The mobile internet traffic steadily increased in each quarter; in 2014 it was more than 31 thousand terabytes.

The guaranteed bandwidth is the theoretical minimum guaranteed bandwidth (bit rate line) given by the provider to the subscriber. In the fourth quarter of 2014, 35% of subscriptions belonged to the bandwidth of between 4 and 10 Mbit/s and a further 30% of them to the bandwidth of less than 1 Mbit/s. Only 7% of subscriptions belong to the bandwidth ensuring an extremely fast speed (ranges of 20 to 50 Mbit/s and over 50 Mbit/s).

Figure 7

Distribution of fixed internet subscriptions by guaranteed bandwidth, quarter 4 2014

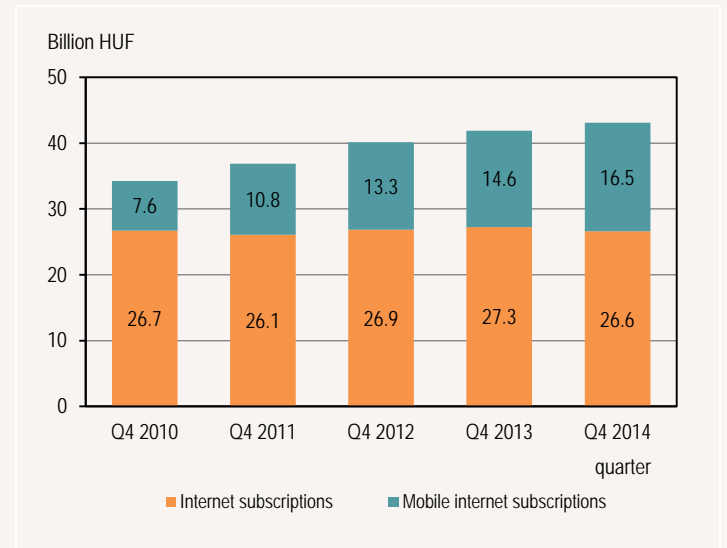


Source: NFM OSAP 1994, intra-year data of internet services.

In the fourth quarter of 2014, net sales from internet subscriptions rose year-on-year by 2.8% and exceeded 43 billion HUF at current prices. Changes in net sales do not reflect how dynamic the increase in the number of subscriptions was, which resulted from discount packages (For example, in case of online ordering, the first few months may include discounts as well as the mobile phone subscriptions may include internet use as well) and decreasing prices. 38% of the revenue from internet services originated from mobile internet subscriptions, it was 13% more than the year before.

Figure 8

Changes in net sales from internet subscriptions



Methodological remarks

The Standard Industrial Classification of All Economic Activities (TEÁOR) does not include internet services as a separate activity. However, these must be reported, therefore a registry of telecommunication service providers published on the homepage of the National Media- and Infocommunications Authority constitutes the basis of our data provider list. Data providers for the reference year are determined by using the registry recorded in September of the previous year.

Further information, data (links):

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- [Methodology](#)

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