



## **Hong Kong Internet Service Providers Association**

### **Submission to Legco ITB Panel on Provision of consumer information in relation to residential broadband use in Hong Kong**

18<sup>th</sup> July 2007

Hong Kong is a well connected city and consumers generally enjoy low priced and good performing broadband Internet services. This is mainly attributable to the very keen competition among broadband service operators.

But Internet service is not a straight forward service. It comprises of many different elements, each could be of different importance to different kind of Internet uses. For example, for Peer-To-Peer users the local network line and the International connection paths of an ISP became most important, for users who share their photo album on the Internet the upload speed became a lot more important, and for businesses with lots of e-mail exchanges with China the ISPs versatility in its connection to the mainland became the most important.

Further, it is the nature of the Internet that service level is indeed not fully controllable by individual ISPs. The connectivity of the Internet service relies on the performance of third party networks as well as the overall states of the Internet which are out of control by ISPs. And, it is not commercially feasible for ISP to provide some kind of guarantee to consumer customers because such guarantee carries significant cost requirements which would make the broadband offer price magnitudes higher. The most that ISPs could do is to state some factual information like how fast is the line to the user's home, how many International up-streams they are connected to, how big are their pipes to the Hong Kong Internet Exchanges, etc. But such information often does not directly relate to the actual end-user experience.

Because of to this lack of explicitly and certainly measurable performance level of the overall Internet service, ISPs naturally would then compete on two most perceivable parameters, the price and the speed of the line between the ISP and the user's home. The price competition pressure may force ISPs to suppress other costs of service provision, where such cost

reductions are one of the culprits of all the complaints from the public. One simple example is that many ISPs need to suppress the traffic volume of Peer-To-Peer traffic to reduce cost.

The members of HKISPA all strive to promote the use of Internet in Hong Kong, and we welcome the proposed “ways forward” by OFTA.

§ For improved provision of service information, we welcome the suggestion and are willing to work with OFTA and Consumer Council to come up with meaningful and practical service information parameters.

§ For consumer education, the ISP industry generally welcomes the proposal. Specifically, the Executive Council of HKISPA believes that some form of online Telecommunications User Forum operated by a neutral and reputable party, e.g. OFTA or Consumer Council, might help bridge the information gap. The forum may carry educational material on how to best utilize the broadband Internet, answers to frequently asked questions from the general public, and information and statistics concerning complaints and resolutions.

§ For misleading and deceptive marketing of broadband services, we believe that those cases are isolated cases, and are partly attributable to the keen price competition of the broadband market. We believe that such cases would subside with increase in the public’s knowledge about Internet services.

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