



REGULATORY POLICY, PRACTICES & CHALLENGES IN THE ERA OF CONVERGENCE IN MALAYSIA

**ITU-TRAI International Training Programme on
'Emerging Trends in Broadcasting'
New Delhi, 9 to 11 October 2019**

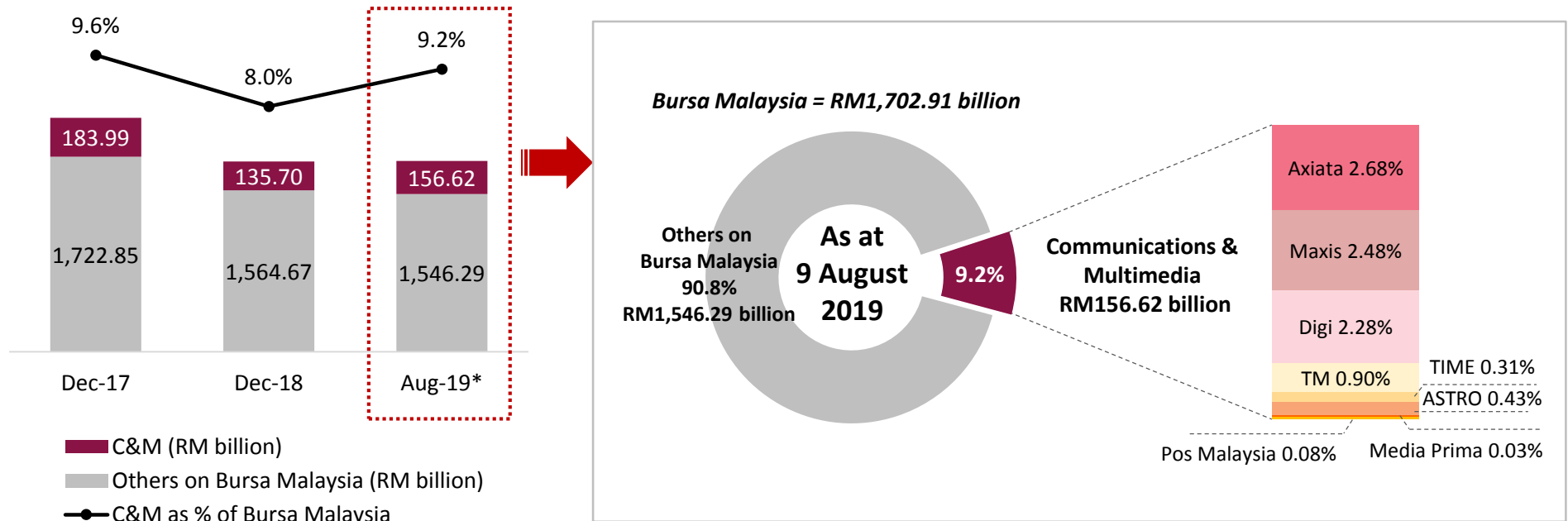
MCMC in brief

- A statutory corporation established by the Malaysian Communications and Multimedia Commission Act 1998 (MCMCA), effective from 1 November 1998. The :
 - ❑ **Communications and Multimedia Act 1998 (CMA)**
 - ❑ **Postal Services Act 1997 (PSA)**
 - ❑ **Digital Signature Act 1997 (DSA)**
- Industry developer and regulator for converging communications and multimedia industry :
 - Telecoms, broadcasters and Applications Service Provider SPs
 - Postal and courier services
 - Digital Certification authorities

Economic Performance of the C&M Industry



C&M industry contributes 9.2% of Bursa Malaysia market capitalisation



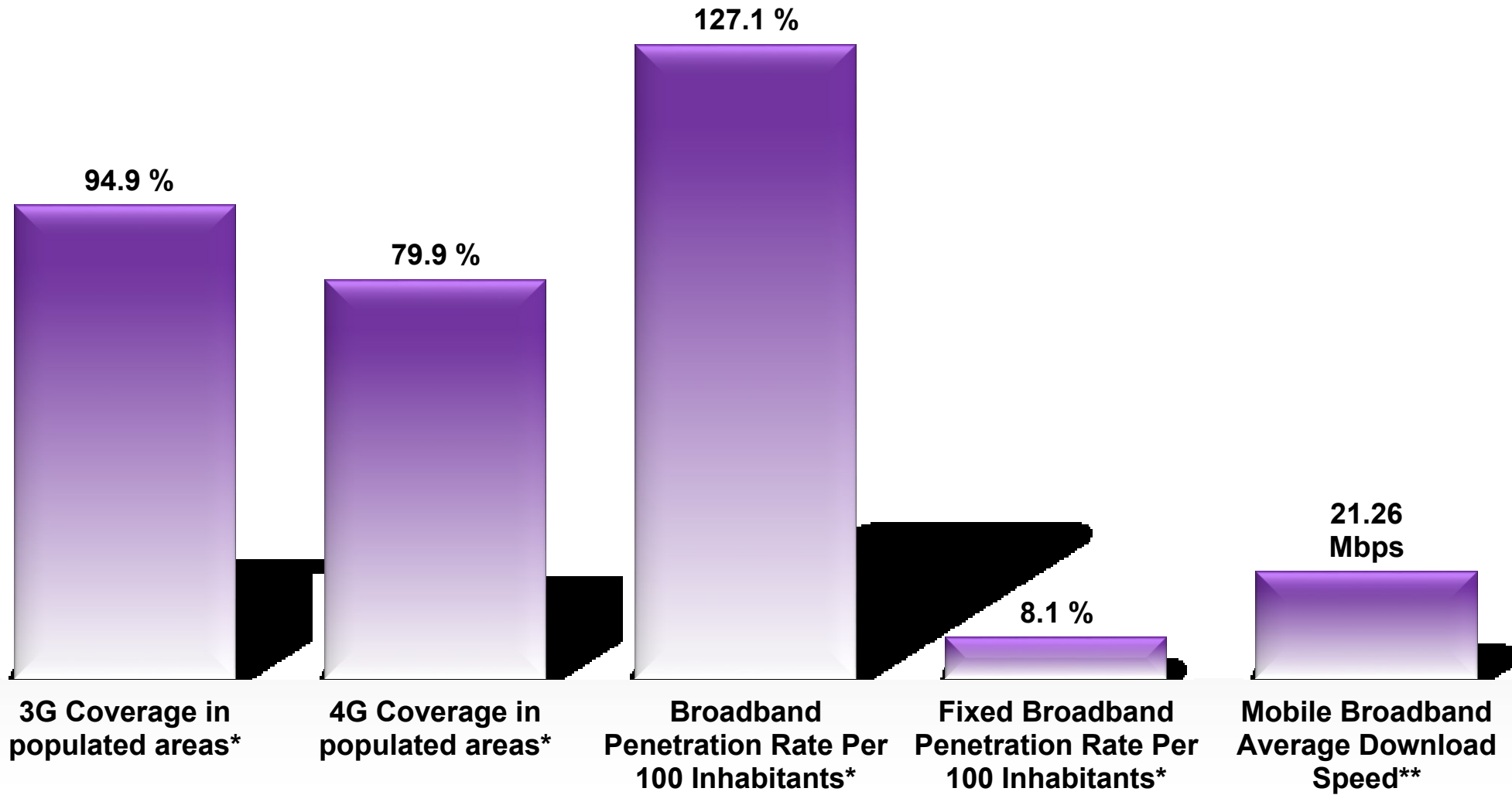
*As at 9 August 2019

Source: Bloomberg, MCMC

- C&M industry posted RM156.62 billion in market capitalisation or 9.2% of total Bursa Malaysia's market capitalisation of RM1,702.91 billion
- By sectors – Telecommunications (RM147.49 billion), Broadcasting (RM7.84 billion), Postal (RM1.29 billion)

State of Connectivity in Malaysia (1/3)

- Overview of the Telecommunications & Multimedia Industry
- National Fibreisation and Connectivity Plan (NFCCP)
- Digital TV
- 5G in Malaysia



Note: * As at 1Q 2019

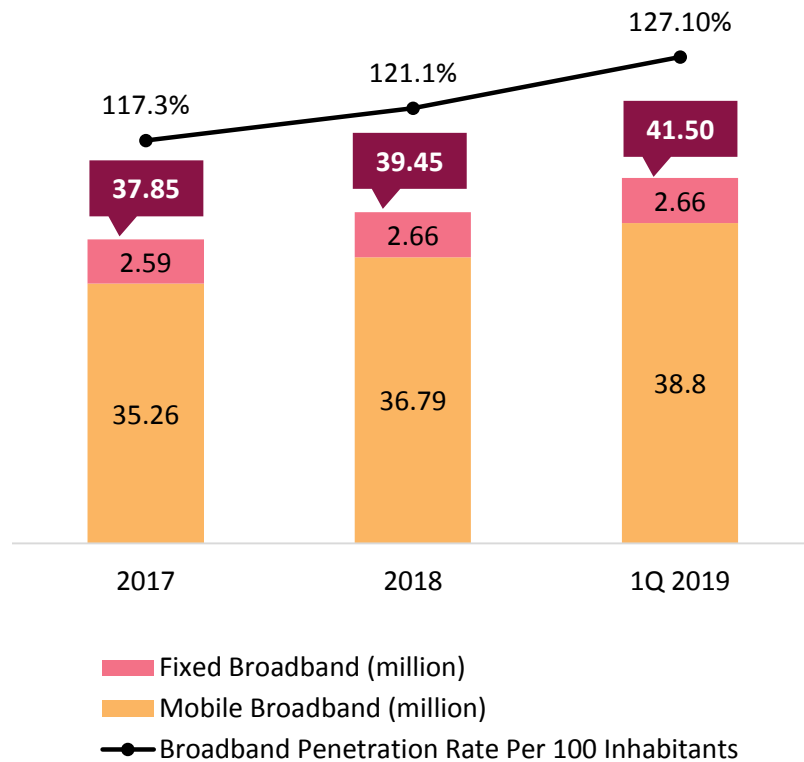
** As at May 2019, by Speedtest Global Index

State of Connectivity in Malaysia (2/3)

Broadband subscriptions is at 41.5 million



BROADBAND SUBSCRIPTIONS AND PENETRATION RATE 2017 – 1Q 2019



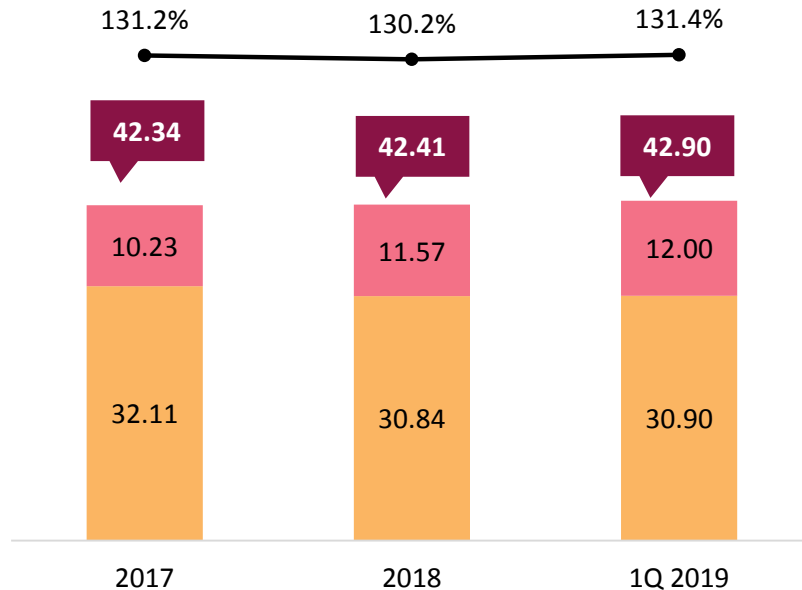
- Growth is driven by improved network coverage and demand for mobile data
- Fixed broadband: ↑ 0.08% (q-o-q)
 - Fibre ↑ 3.4% to 1.8 million due to Government call for affordable broadband
- Mobile broadband: ↑ 5.5% (q-o-q)
 - 3G population coverage: 94.9% for 1Q 2019 (2018: 94.7%)
 - 4G LTE population coverage: 79.9% for 1Q 2019 (2018: 79.7%)

State of Connectivity in Malaysia (3/3)



Mobile cellular subscriptions is at 42.9 million

MOBILE CELLULAR SUBSCRIPTIONS AND PENETRATION RATE 2017 – 1Q 2019



- Postpaid Subscriptions (million)
- Prepaid Subscriptions (million)
- Mobile Cellular Penetration Rate Per 100 Inhabitants

- 1Q 2019 mobile cellular subscriptions ↑ 1.2% (q-o-q) to 42.9 million
- 27.9% postpaid
- 72.1% prepaid
- For 1 postpaid, there are about 3 prepaid subscriptions

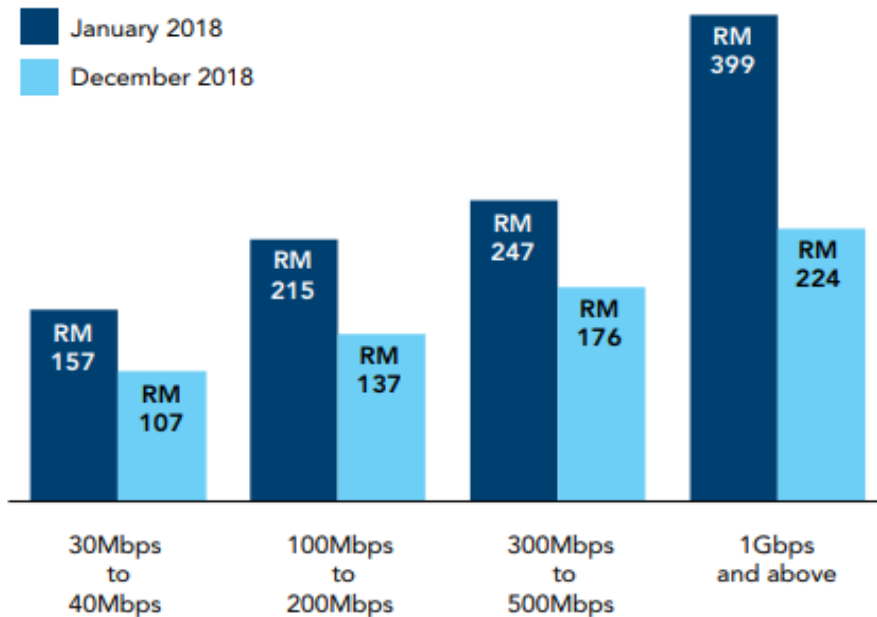


World Bank Report: Malaysia's need for speed and how regulatory action is unleashing ultrafast internet



1. Reduced Broadband subscription fees

Average Prices of Fixed Broadband Packages



Source: Report by World Bank, Malaysia Economic Monitor, June 2019 : Re-energising the Public Service. World Bank, Kuala Lumpur. © World Bank.

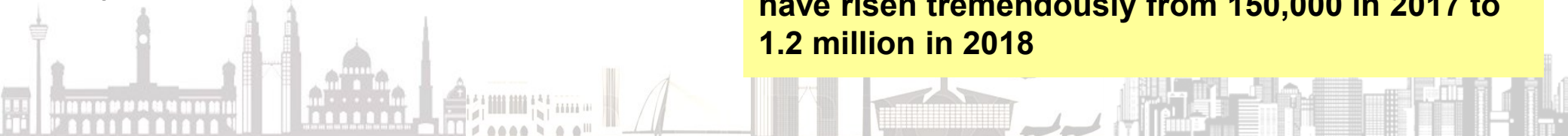
2. Increased speed in fixed and wireless broadband

Tested speeds in Mbps

Tested speeds in Mbps	Fixed internet		Mobile internet	
	Dec-17	Mar-19	Dec-17	Mar-19
Fastest five (average)	135.9	155.2	54.8	62.8
Malaysia	22.2	67.2 (3x)	16.0	20.5 (1.3x)
Global comparison (F5/MY)	6.1	2.3	3.4	3.1

3. Malaysia is now starting to close the gap with leading countries with respect to internet speed

4. The number of fixed broadband subscriptions with download speeds of more than 100Mbps have risen tremendously from 150,000 in 2017 to 1.2 million in 2018



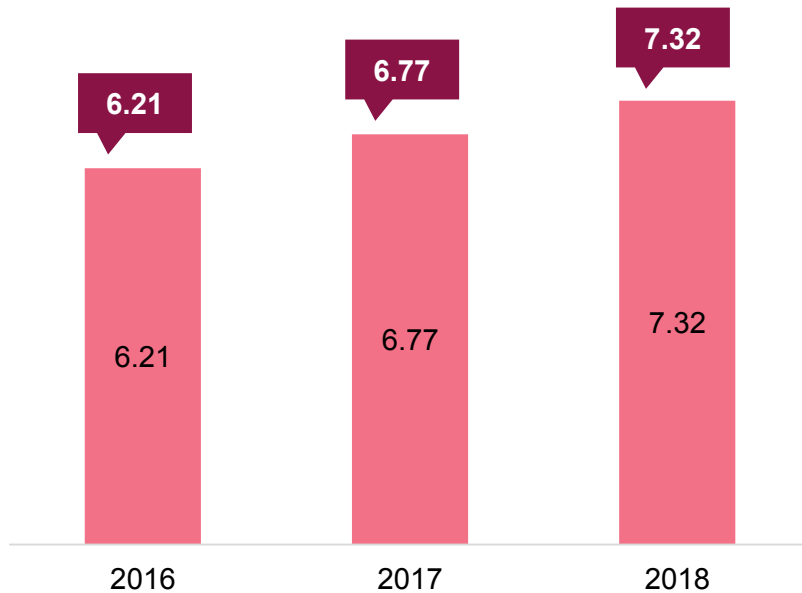
Content Services (1/2)



Pay TV subscriptions totaled 7.32 million

PAY TV SUBSCRIPTIONS 2016 – 2018

SUBSCRIPTION
(million)



- Pay TV subscriptions: ↑ 8.1% to 7.32 million
- Household penetration at 87.3%
- Major global events in 2018:
 - FIFA World Cup in Russia
 - Winter Olympics South Korea
 - Asian Games in Indonesia

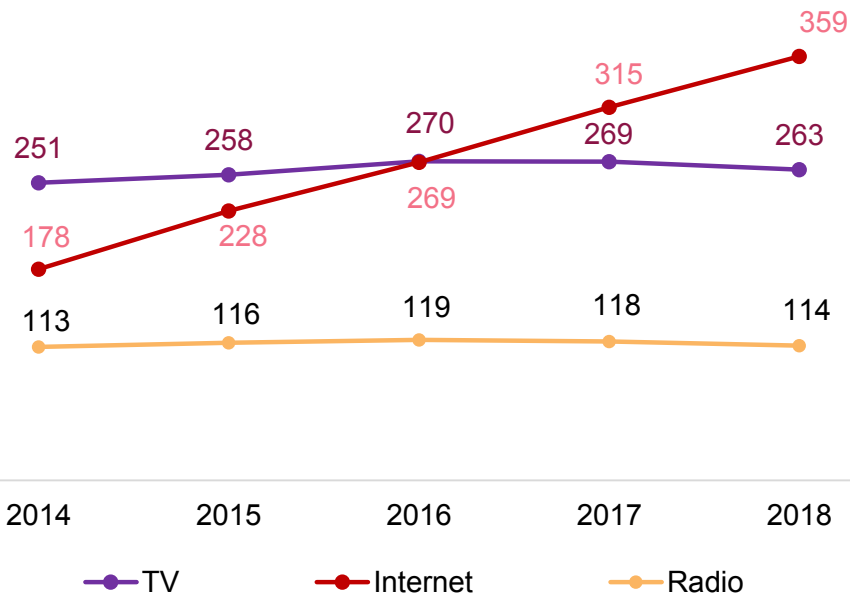
Content Services (2/2)



Internet Adex overtook TV starting 2017

MALAYSIA ADEX BY SELECTED MEDIUM 2014 – 2018

ADEX
(USD million)



Source: Bloomberg, Magna Global, updated December 2018

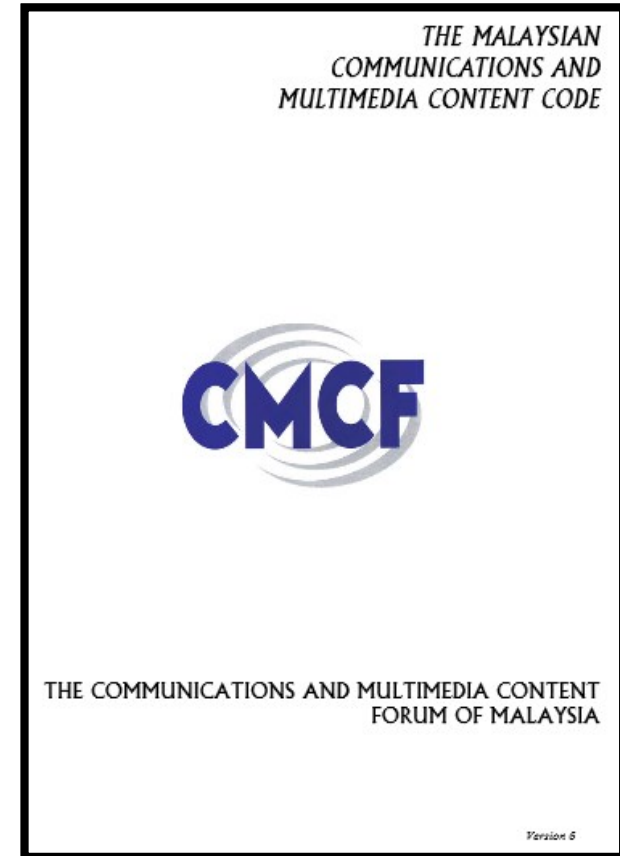
Note: For 2018: USD1 = RM4.14; 2017: USD1 = RM4.06

- In 2018, Malaysian Internet Adex recorded:
 - Total of USD359 million (RM1.5 billion)
 - A growth of 14% from USD315 million or RM1.3 billion in 2017
- Internet Adex is driven by:
 - More online content
 - More Internet users
 - Pervasive mobile access
 - Higher speeds



CONTENT REGULATION

- Content application service providers in the communications and multimedia industry are regulated under Communications and Multimedia Act 1998 (CMA 1998).
- For broadcasting content, the private broadcasters or TV and radio stations are required to obtain a **Content Application Services Provider Individual (CASP-I) License** from MCMC
- The private broadcasters to comply with the provisions of any subsidiary legislation made, or other instruments, guidelines or regulatory policies issued under the CMA 1998, including but not limited to the Malaysian Communications and Multimedia Content Code (Content Code), and special license conditions which is declared by the Minister and included in their CASP-I Licence.



Must carry or must have rules

Compliance by the private broadcasters on Special License Conditions



1

Content requirements which require certain proportion of local content and languages

2

Commercial advertisement airtime restriction

3

Must carry public announcements for the purposes of the Government or for public or national interest

4

All the content to be transmitted subject to the Film Censorship Act 2002 and Regulations made thereunder;

- All the content to be transmitted shall be censored and classified prior broadcast on television

5

Broadcast of live or delayed telecast/ programmes are subject to MCMC's approval

6

Shall not provide any prohibited content which:

- directly propagates any religious beliefs other than Islam;
- may upset the sensibilities and sentiments of any race or religion in this country; and
- contains cultural and moral values that are against the community aspirations of the nation

7

Subject to Content Codes and Consumer Codes

All applicable Malaysian Laws including but not limited to sedition, pornography, defamation, protection of intellectual property and other related legislation are to be complied with

Most content service provisions are regulated. OTT service is the exception, creating a non-level playing field





SECTION

PROVISION

99

Section 99 – Directions to comply with a registered voluntary industry code

The Commission may direct a person or a class of persons, in accordance with section 51, to comply with a registered voluntary industry code.

205

Prohibition on the provision of content applications service without valid licence :

- Fine not exceeding RM500,000.00; or
- Imprisonment for a term not exceeding 5 years; or
- Both

206

Compliance with licence conditions

211

Section 211 - Prohibition on provision of offensive content

(1) No content applications service provider or other person using a content applications service, shall provide content which is indecent, obscene, false, menacing, or offensive in character with intent to annoy, abuse, threaten or harass any person.

(2) A person who contravenes subsection (1) commits an offence and shall, on conviction, be liable to a fine not exceeding fifty thousand ringgit or to imprisonment for a term not exceeding one year or to both and shall also be liable to a further fine of one thousand ringgit for every day or part of a day during which the offence is

SECTION PROVISION

212

Section 212 - Content Forum

The Commission may designate an industry body to be a content forum for the purposes of this Part.

212

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213

Section 213 – Content Code

(1) A content code prepared by the content forum or the Commission shall include model procedures for dealing with offensive or indecent content.

(2) The matters which the code may address may include, but are not limited to –

- (a) The restrictions on the provision of unsuitable content;
- (b) The methods of classifying content;
- (c) The procedures for handling public complaints and for reporting information about
complaints to the Commission;
- (d) The representation of Malaysian culture and national identity;
- (e) Public information and education regarding content regulation and technologies for
the end user control of content; and
- (f) Other matters of concern to the community.

SECTION > PROVISION

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General offences and penalty

- Fine not exceeding RM100,000.00; or
- Imprisonment for a term not exceeding 2 years; or
- Both

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General duty of licensees to assist in preventing the commission or attempted commission of an offence under the Laws of Malaysia.

NEXT STEPS



The MCMC shall be undertaking a review in Jan to July 2020 on the different levels of content regulations applied currently



*Thank
you!*

