

Digital Economy and Society Index¹ 2016²

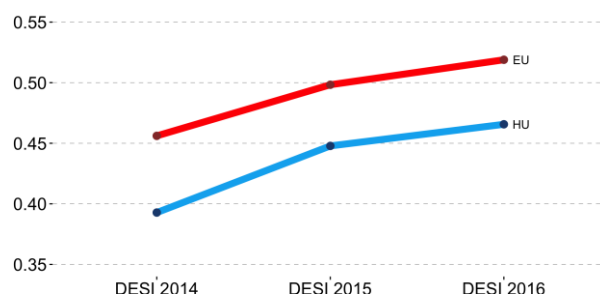
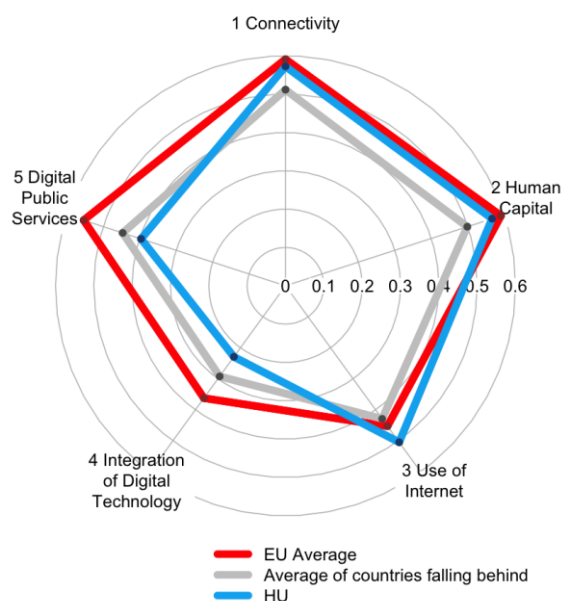
Country Profile

Hungary

Hungary has an overall score³ of **0.47** and ranks **20th** out of the 28 EU Member States. Hungary scores above the EU average in the Use of Internet and is slightly below the average on Connectivity and Human Capital. The greatest challenges remain the Integration of Digital Technology by businesses and the area of Digital Public Services. Hungary exceeds the European average in the availability and take-up of fast broadband as well as in the use of social networks.

Hungary's score was lower than the EU average and over the last year the score grew at a slower pace than the EU. As such, Hungary is part of the **falling behind** cluster of countries⁴.

	Hungary		Cluster	EU
	rank	score	score	score
DESI 2016	20	0.47	0.44	0.52
DESI 2015	21	0.45 ⁵	0.44	0.5



¹ The Digital Economy and Society Index (DESI) is a composite index developed by the European Commission (DG CNECT) to assess the development of EU countries towards a digital economy and society. It aggregates a set of relevant indicators structured around 5 dimensions: Connectivity, Human Capital, Use of Internet, Integration of Digital Technology and Digital Public Services. For more information about the DESI please refer to <http://ec.europa.eu/digital-agenda/en/digital-agenda-scoreboard>

² The DESI 2015 is constructed from indicators referring mostly to the calendar year 2014 (except when data is not available for that calendar year, in which case the latest prior data was used).

³ DESI scores range from 0 to 1, the higher the score the better the country performance.

⁴ In the DESI 2016, Hungary is part of the falling behind cluster of countries: countries who score below the EU average and whose score grew more slowly than that of the EU as a whole (in comparison to the DESI 2015). Other falling behind countries are Bulgaria, Cyprus, the Czech Republic, Greece, France, Poland and Slovakia.

⁵ The DESI 2015 was re-calculated for all countries to reflect updates and corrections to the underlying indicator data (which took place between May 2015 and January 2016). As such, country scores and rankings may have changed from the previous publication. For further information please consult the DESI methodological note.

1 Connectivity

1 Connectivity	Hungary		Cluster score	EU score
	rank	score		
DESI 2016	17	0.57	0.51	0.59
DESI 2015	17	0.54	0.5	0.57

Regarding Connectivity, Hungary is just below the EU average. There was an improvement compared to last year, which is caused mainly by the progress in the take-up and coverage of fast broadband technologies.

	Hungary				EU	
	DESI 2016 value		rank	DESI 2015 value	rank	DESI 2016 value
1a1 Fixed BB Coverage % households	95% (June 2015)	↑	21	94% (December 2014)	23	97% (June 2015)
1a2 Fixed BB Take-up % households	69% (2015)	↑	16	66% (2014)	15	72% (2015)
1b1 Mobile BB Take-up Subscribers per 100 people	34 (June 2015)	→	28	34 (December 2014)	28	75 (June 2015)
1b2 Spectrum % of the target for spectrum to be harmonised at EU level	68% (December 2015)	↓	16	71% (December 2014)	16	69% (December 2015)
1c1 NGA Coverage % households, out of all households	78% (June 2015)	↑	16	76% (December 2014)	16	71% (June 2015)
1c2 Subscriptions to Fast BB % of subscriptions >= 30Mbps, out of fixed BB subscriptions	49% (June 2015)	↑	11	40% (December 2014)	11	30% (June 2015)
1d1 Fixed BB Price % individual gross income spent for the cheapest standalone Fixed Broadband subscription (lower values are better)	1.6% (Access cost: 2015; Income: 2014)	→	17	1.6% (Access cost: 2014; Income: 2014)	19	1.3% (Access cost: 2015; Income: 2014)

Fixed broadband services are available to 95% of homes in Hungary, which leaves a gap of 5% to universal coverage compared to only 3% in the EU. Nevertheless, fast broadband technologies are already widespread, covering 78% of homes as opposed to 71% in the EU.

In Hungary, there is strong platform competition between xDSL and cable broadband. It is the cable technology that is currently mainly responsible for the high availability of fast broadband, but VDSL coverage is also increasing.

Hungary is catching up regarding the take-up of fixed broadband access: in 2015, 69% of households had a fixed broadband subscription, still below the EU average of 72%. At the same time, Hungary has the lowest score in the EU in mobile broadband take-up. 4G coverage increased to 95% by June 2015, which may trigger growth in mobile broadband subscriptions in the coming years.

2 Human Capital

2 Human Capital	Hungary		Cluster score	EU score
	rank	score		
DESI 2016	17	0.57	0.5	0.59
DESI 2015	15	0.58	0.48	0.58

With a Human Capital score of 0.57, Hungary ranks 17th among EU countries, and above the average of its cluster countries.

	Hungary				EU DESI 2016 value
	DESI 2016 value	rank	DESI 2015 value	rank	
2a1 Internet Users % individuals (aged 16-74)	72% (2015) ↓	18	74% (2014)	15	76% (2015)
2a2 Basic Digital Skills % individuals (aged 16-74)	50% (2015)	19	n.a.	–	55% (2015)
2b1 ICT Specialists % employed individuals	4.9% (2014) ↑	7	4.7% (2013)	6	3.7% (2014)
2b2 STEM Graduates Graduates in STEM per 1000 individuals (aged 20 to 29)	10 (2013) ↑	25	9.5 (2012)	26	18 (2013)

72% of Hungarians use the internet, which is slightly below the EU average (76%).

Hungary shows a mixed picture in digital skills: only 50% individuals have at least basic digital skills (EU average 55%), while ICT specialists represent a relatively high share of the workforce (4.9% compared to 3.7% in the EU).

Hungary is lagging far behind on graduates holding a STEM (Science, Technology and Mathematics) degree. STEM graduates play an important role in exploiting the opportunities offered by digital technologies in businesses.

3 Use of Internet

3 Use of Internet	Hungary		Cluster score	EU score
	rank	score		
DESI 2016	12	0.5	0.43	0.45
DESI 2015	11	0.47	0.42	0.43

In general, Hungarian Internet users engage in a broad range of internet activities and outperform the EU average on the Use of the Internet.

	Hungary				EU
	DESI 2016 value	DESI 2016 rank	DESI 2015 value	DESI 2015 rank	DESI 2016 value
3a1 News % individuals who used Internet in the last 3 months (aged 16-74)	86% (2015) →	7	86% (2014)	6	68% (2015)
3a2 Music, Videos and Games % individuals who used Internet in the last 3 months (aged 16-74)	47% (2014)	18	47% (2014)	18	49% (2014)
3a3 Video on Demand % households that have a TV	23% (2014)	16	23% (2014)	16	41% (2014)
3b1 Video Calls % individuals who used Internet in the last 3 months (aged 16-74)	55% (2015) ↑	5	53% (2014)	6	37% (2015)
3b2 Social Networks % individuals who used Internet in the last 3 months (aged 16-74)	83% (2015) ↑	1	79% (2014)	1	63% (2015)
3c1 Banking % individuals who used Internet in the last 3 months (aged 16-74)	46% (2015) ↑	20	40% (2014)	22	57% (2015)
3c2 Shopping % individuals who used Internet in the last year (aged 16-74)	47% (2015) ↑	20	42% (2014)	20	65% (2015)

As for the most popular activities on-line, 86% of Hungarian internet users read news, and 83% use social networks. The use of social networks is the highest in the EU.

47% of the internet users listen to music, watch films or play games online, and 55% make video calls.

Despite the progress last year, Hungary still falls well below the average on internet banking and online shopping. On eCommerce, this is also linked to the supply side, as the percentage of SMEs selling online is also below the average.

4 Integration of Digital Technology

4 Integration of Digital Technology	Hungary		Cluster score	EU score
	rank	score		
DESI 2016	26	0.23	0.29	0.36
DESI 2015	25	0.21	0.31	0.33

On the Integration of Digital Technology by businesses, Hungary's scores 0.23, its worst performance among the five DESI 2016 dimensions. Hungary's businesses need to better exploit the possibilities offered by on-line commerce, social media and cloud-based applications.

	Hungary				EU DESI 2016 value
	DESI 2016		DESI 2015		
	value	rank	value	rank	
4a1 Electronic Information Sharing % enterprises (no financial sector, 10+ employees)	16% (2015) →	27	16% (2014)	26	36% (2015)
4a2 RFID % enterprises (no financial sector, 10+ employees)	3.9% (2014)	16	3.9% (2014)	16	3.8% (2014)
4a3 Social Media % enterprises (no financial sector, 10+ employees)	11% (2015) ↑	22	8.9% (2014)	21	18% (2015)
4a4 eInvoices % enterprises (no financial sector, 10+ employees)	6.1% (2015)	25	n.a. (2014)	-	n.a.
4a5 Cloud % enterprises (no financial sector, 10+ employees)	6.1% (2015) ↑	23	5% (2014)	23	n.a.
4b1 SMEs Selling Online % SMEs (no financial sector, 10+ employees)	10% (2015) ↑	20	9.8% (2014)	21	16% (2015)
4b2 eCommerce Turnover % turnover of SMEs (no financial sector, 10-249 employees)	7.2% (2015) ↑	21	6.9% (2014)	18	9.4% (2015)
4b3 Selling Online Cross-border % SMEs (no financial sector, 10+ employees)	4.5% (2015) ↑	23	3.9% (2013)	25	7.5% (2015)

A true digital economy is one where businesses take full advantage of the possibilities and benefits offered by digital technologies, both to improve their efficiency and productivity, as well as to reach costumers and realise sales. To that end, Hungary has a long way to go.

The percentage of businesses using technologies such as electronic information sharing (ERP – 16%), cloud services (6%) or social media (11%) in Hungary is among the lowest in the EU. Without digitisation and the efficiency and productivity gains obtained thereof, Hungarian businesses will struggle to make it in the global digital economy.

Hungarian businesses need also to take advantage of the possibilities offered by on-line commerce. Very few SMEs in Hungary sell online (10%), even less sell online to other EU member states (4.5%), and those who do sell online make a very small share of their turnover from those sales (7.2%).

5 Digital Public Services

5 Digital Public Services	Hungary		Cluster score	EU score
	rank	Score		
DESI 2016	25	0.4	0.45	0.55
DESI 2015	24	0.37	0.47	0.54

Digital Public Services is the dimension where Hungary performs fourth worst in the EU with a score also substantially lower than its cluster average.

	Hungary				EU DESI 2016 value
	DESI 2016 value	rank	DESI 2015 value	rank	
5a1 eGovernment Users % individuals returning filled forms, out of Internet users in the last year (aged 16-74)	32% (2015) ↑	17	31% (2014)	16	32% (2015)
5a2 Pre-filled Forms Score (0 to 100)	19 (2015) →	25	19 (2014)	22	49 (2015)
5a3 Online Service Completion Score (0 to 100)	55 (2015) ↑	26	45 (2014)	28	81 (2015)
5a4 Open Data Score (0 to 700)	300 (2015) →	20	300 (2014)	19	351 (2015)

Modern public services offered online in an efficient vehicle for the reduction of public spending as well as efficiency gains for enterprises, citizens and the public administration. Hungary faces a key challenge in online public services. Its indicator scores place it among the last in the EU.

It is, however, remarkable that Hungary improved in online service completion measuring the extent to which the various steps in an interaction with the public administration can be performed completely online.