



## **Chapter X**

# **Socially Desirable Development of M-Commerce: The Role of Regulation**

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### **ABSTRACT**

*We address the recent development in European m-commerce related regulation in the light of socially desirable information society. We define the socially desirable m-commerce as follows: the majority of citizens can access services from anywhere at an affordable price. The deployment of regulatory measures in setting the arena of development for m-commerce is highly dependent on the vision of the future. We illustrate that in the mobile communications market, the vision of regulator is to guarantee ensure effective competition between networks and services. Some argue that the effective competition would require a common infrastructure, whereas some others would rely on the competition between proprietary networks. Against this backdrop, we explain the scope of current European legislation relevant to mobile commerce and discuss it in three different scenarios developed in the MobiCom research project. Our analysis emphasizes the importance of competing at the level of services instead of at the level of propriety network infrastructures. This could mean extensive merging of networks and improving the relative position of service developers.*

## INTRODUCTION

In this chapter, we first define the concept of socially desirable m-commerce in European context. We provide a brief explanation to the present slower than desired m-commerce evolution by reflecting upon the characteristics of proprietary networks and consequent industry structure. Then we provide an outlook on relevant fundamentals of m-commerce regulation, and finally, discuss the regulation in the light of the future scenarios for mobile commerce.

### Desirable M-Commerce in Information Society

How does the present regulation on m-commerce support the information society initiative (CEC, 2000a), especially with respect to proprietary mobile networks? We must remember that when the legislation program was drawn up, the situation of the market was much more positive and techno-optimistic than the situation at present. The initiative has a bold objective to:

*“... bring everyone in Europe—every citizen, every school, every company—online as quickly as possible. Accessing and using the Internet, whether via a computer, a mobile phone, or a TV set-top box, must become commonplace.” (CEC, 2000a, p. 5)*

with the following means:

*“At the European level several measures have been taken to promote the information society: advancing the liberalization of telecommunications, setting a clear legal framework for e-commerce (e.g., privacy, authentication, security), and supporting the content industries and R&D. These policies are still evolving, as are the structural reforms necessary to enable productivity growth from the uptake of digital technologies, and issues such as a favorable tax environment and intellectual property rights will remain on the agenda.” (CEC, 2000a, pp. 4-5)<sup>1</sup>*

Our interpretation of the socially desirable development of m-commerce is that the majority of people could access the services at an affordable price. The achievement of this goal depends on the one hand on the development of markets and on the other hand on the attainment of consumer trust (privacy, consumer protection, etc.). The ideal would be to provide an ample number of competing, interoperable mobile services throughout Europe at low cost, at least with the same level of protection of privacy and consumer rights as on the Internet.

### Present Situation in M-Commerce

Let us briefly summarize the status quo of m-commerce on proprietary networks: the field of telecommunications was to be one of the drivers creating wealth for the European information society. It was the area where the Europeans were clearly ahead of the competition. The seamlessly roaming and robust 2G GSM networks and well-met mobile technology throughout the Europe were to serve as springboards for developing profitable mobile services for the Internal market (CEC, 2000a). The Commission took initiative by quickly modernizing a number of laws to smooth the introduction of a Europe-wide information super-network.

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