



UNCTAD's Efforts for Enhancing Financial Consumer Protection of Vulnerable Consumers

**Third International Conference Financial Consumer
Protection. Focus on Vulnerable and Disadvantaged Groups**

October 30, 2019

Ana Cipriano, Consultant



UNCTAD's mandate and pillars of work

- UN body responsible for dealing with economic and sustainable development issues with a focus on trade, finance, investment and technology - *Prosperity for All*;
- 194 member States;
- *Think, Debate, Deliver* - to assist developing countries in better participating in the global economy
- Focal point for **Competition and Consumer Policies** within the UN system;
- 3 pillars
 - **Consensus building** - Intergovernmental deliberations
 - **Research and analysis**
 - **Technical Cooperation:** Assistance/Capacity building



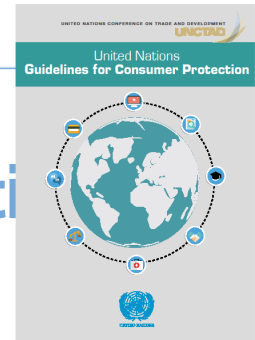
UNCTAD is the focal point for Consumer protection law and policy within the UN system since 2015



UN General Assembly resolution 70/186 of 22 December 2015:

- Approved the revised UN Guidelines for Consumer Protection (adopted in 1985, amended in 1999);
- Created the Intergovernmental Group of Experts on Consumer protection law and policy, as the unique forum for international deliberations in this field;
- Conferred UNCTAD a new mandate that is closely linked to the Sustainable Development Goals (SDGs 8/10/17).





Revised UN Guidelines for Consumer Protection

- **International instrument, recognizes the global dimension of Consumer Protection;**
- **Address the UN member States, due to the imperative of ensuring Consumer Protection through public policies;**
- **Goals and recommendations are especially interesting for developing countries;**
- **Recommendations for Governments of member States: non-binding but highly persuasive - “soft power”;**





Revised UN Guidelines for Consumer Protection (2)

- The Guidelines aim to meet *the protection of vulnerable and disadvantaged consumers (gdl. 5-b)*.
- **Recommendations for National Policies for Consumer Protection** (gdls. 14-15) encourage, amongst other:
 - *a transparent process for the confirmation, cancellation, return and refund of transactions;*
 - *secure payment mechanisms.*
- **The UNGCP objectives encourage high levels of ethical conduct** for those engaged in the production and distribution of goods and services to consumers (gdl.1.b) and c).
- **Good Business Practices** (gdl. 11) include *Fair and equitable treatment and Commercial behavior patterns.*



Revised UN Guidelines for Consumer Protection (3)



- The Guidelines aim to meet *the protection of vulnerable and disadvantaged consumers (gdl. 5-b)*.
- **Recommendations for National Policies for Consumer Protection** (gdls. 14-15) encourage, amongst other:
 - *a transparent process for the confirmation, cancellation, return and refund of transactions;*
 - *secure payment mechanisms.*
- **The UNGCP objectives encourage high levels of ethical conduct** for those engaged in the production and distribution of goods and services to consumers (**gdl.1.b**) and c).
- **Good Business Practices** (gdl. 11) include *Fair and equitable treatment and Commercial behavior patterns.*





UNGCP - FINANCIAL SERVICES

(new Section)

Guideline 66:

- Financial consumer protection policies and oversight bodies;
- Fair treatment of consumers and proper disclosure;
- Responsibility and accountability of financial institutions and authorized agents;
- Prevention of conflicts of interest;
- Responsible business conduct (responsible lending);
- Protection of consumer financial data;
- Remittances framework.

Guideline 67: Financial inclusion, financial education.

**Guideline 68: Reference to international best practices and standards
OECD/G20; G20; World Bank**



Vulnerable and Disadvantaged consumers: some elements

- ✓ *Heterogeneous group comprised of **persons who, on a permanent basis, are considered as such because of their mental, physical or psychological disability, age, credulity or gender;***
- ✓ *Consumers who are placed in a **state of temporary powerlessness** resulting from a **gap between their individual state and characteristics on the one hand, and their external environment on the other hand**, taking into account **criteria such as education, social and financial situation** (for example over-indebtedness), **access to the internet**, etc.;*
- ✓ ***All consumers, at some point in their life, can become vulnerable** because of external factors and their interactions with the market or because they have difficulties in accessing and comprehending relevant consumer information and therefore need special protection.*

European Parliament resolution of 22 May 2012 on a strategy for strengthening the rights of vulnerable consumers (2011/2272(INI)) 2013/C 264 E/03



Mobile money - Fintech

- Enabling individuals to make financial transactions on their mobile phones, including mobile credit, insurance, cross-border remittances, bill payments, and savings.
- Especially important for consumers in developing countries as it provides access to financial services regardless of existing physical infrastructures - wider opportunities for online and mobile payments but with challenges due to the lack of appropriate legal and institutional frameworks to ensure Consumer protection.
- Financial literacy for inclusion is necessary through education, awareness-raising and effective oversight by public bodies for informed choice and CONSUMER protection.
- Over-indebtedness raises specific concerns and requires specialized advice and support to consumers.



Consumer Financial Protection: Key concerns

- Financial literacy and financial inclusion
- Protection of vulnerable and disadvantaged consumers of financial services
- Role of financial regulators and consumer protection agencies
- Responsible business conduct
- Security of online and mobile payments - e-commerce
- Complaints handling and consumer redress



Some relevant data: 2018 survey on Internet security and trust

(Centre for International Governance Innovation and Ipsos, in collaboration with UNCTAD and the Internet Society)



Ipsos Public Affairs

Centre for International
Governance Innovation

CIGI-IPSOS GLOBAL SURVEY INTERNET SECURITY & TRUST

2019 PART I & II:

PRIVACY, SECURITY, ACCESS & TRUST



© 2019 Ipsos. All rights reserved. Contains Ipsos' Confidential and Proprietary information and may not be disclosed or reproduced without the prior written consent of Ipsos.

GAME CHANGERS

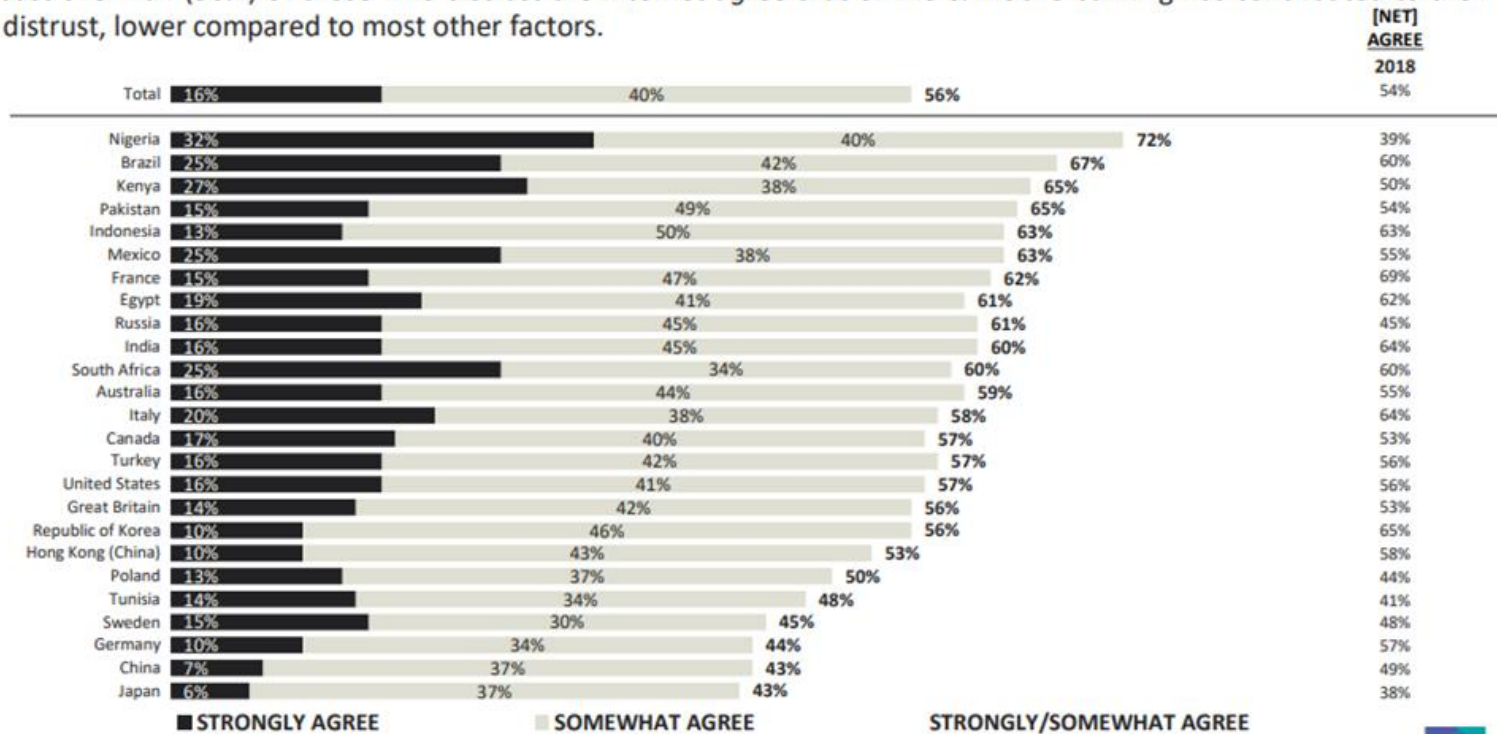


FIVE KEY TAKE-AWAYS

- 1 Eight in ten global citizens concerned about their online privacy as majority says they're more concerned than last year. Concern is highest in developing economies. (slides 8-13)
- 2 One in five say it's getting harder to surf the internet with the confidence that content is not being censored. On balance, people in many economies say it's getting worse, not better, including Russia, USA, Sweden and Great Britain. (slides 85 to 88)
- 3 Driving increased concern in online privacy, more are pointing the finger at governments, both foreign and domestic, as a culprit. (slides 25-32)
- 4 One in four global citizens don't trust in the internet. Distrust increasingly fueled by social media, governments and search engines. (112 to 132)
- 5 Distrust in internet causing global citizens to disclose less information online (49%, +6 points), use the internet more selectively (39%, +4 points), and make fewer online purchase (18%, +3 points) among other precautions. (slide 136)

ONLINE AND MOBILE BANKING PLATFORMS

Just over half (56%) of those who distrust the Internet *agree* that online & mobile banking has contributed to their distrust, lower compared to most other factors.

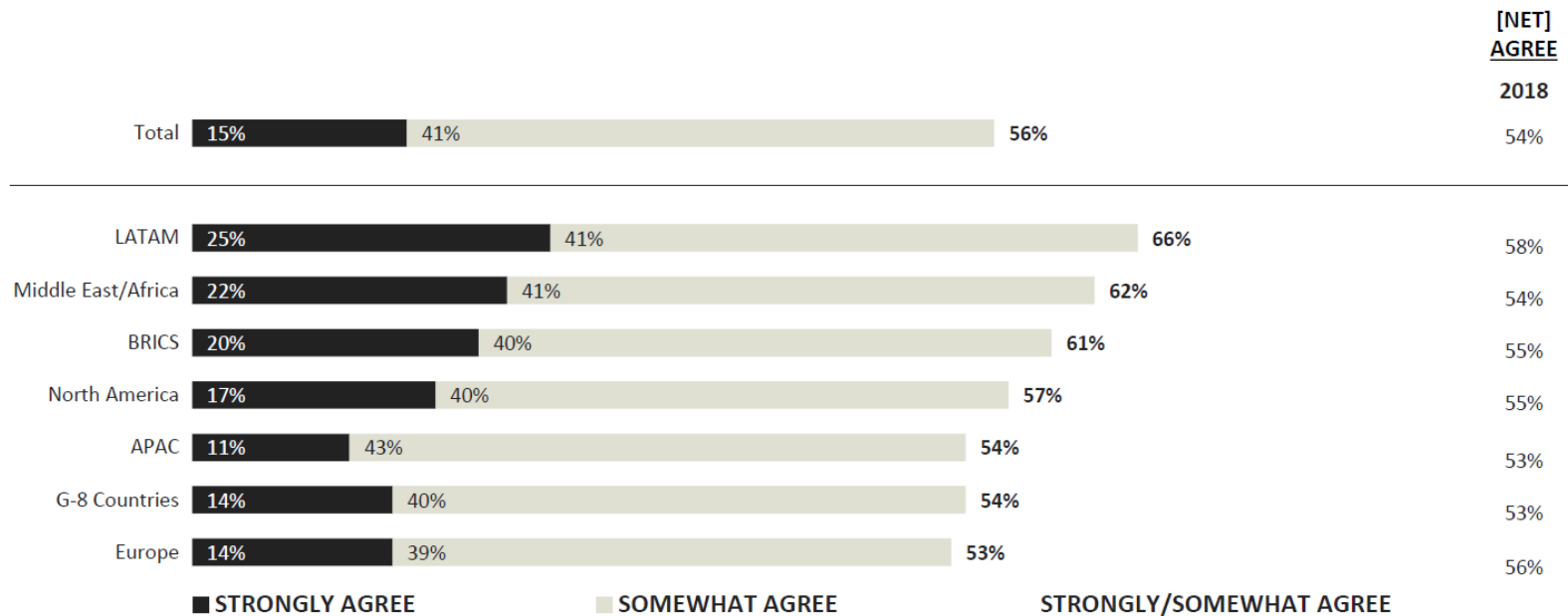


© 2019 Ipsos Q7. To what extent do the following contribute to your distrust in the internet?
 Base: All Respondents who do not completely trust the internet 2019 (n=6608); 2018 (n=6778)



ONLINE AND MOBILE BANKING PLATFORMS

Wave-over-wave, more in each of the regional economies, save for Europe (-3 pts), *agree* that online & mobile banking platforms have contributed to their distrust.



Final remarks

- **Public policies** are of the utmost importance as effective sectoral regulation.
- Services providers may complement legal and regulatory frameworks through **self-regulation and standards**.
- **Information, education, awareness raising** are crucial for consumers (especially the vulnerable groups) as for businesses. **Consumer organizations and other non-governmental organizations** need to be closely involved.
- **Financial and digital divide (age; education; social and economic conditions) needs to be overcome.** Developing countries are in a more sensitive position.
- **Personal data is** increasingly valuable for consumers.
- **Call for enhanced International Cooperation - UNCTAD** plays an important role monitoring markets' developments worldwide and cooperates with other international (OECD, G20, World Bank) and regional organizations (EU) seeking to assist and support developing countries and countries with economies in transition.



Final remarks





THANK YOU!

<http://unctad.org/en/Pages/DITC/competitionLaw/competition-Law-and-Policy.aspx>

UNCTAD

PROSPERITY FOR ALL

www.unctad.org



UNITED NATIONS
UNCTAD