

FINANCIAL SERVICES AND CONSUMER PROTECTION DURING COVID 19

4th International Conference Financial Consumer Protection

"Specifics of Financial Consumer Protection Considering Epidemiological Restrictions"

October 2020, Moscow



UNITED NATIONS CONFERENCE ON
TRADE AND DEVELOPMENT
PROSPERITY FOR ALL



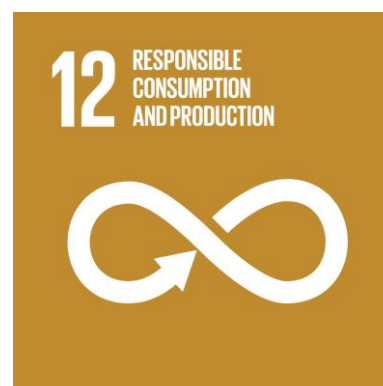
UNCTAD's mandate and pillars of work

- 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 UNGCP

- INTERNATIONAL INSTRUMENT, RECOGNISES 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 UNGCP

- Aim to protect vulnerable and disadvantaged consumers (gdl. 5-b).
- Recommendations for National Policies for Consumer Protection (gdls. 14-15) encouraging, amongst others:
 - 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).

Recommended Good Business Practices (gdl. 11) include Fair and equitable treatment and Commercial behavior patterns.



UNGCP - FINANCIAL SERVICES (NEW SECTION)

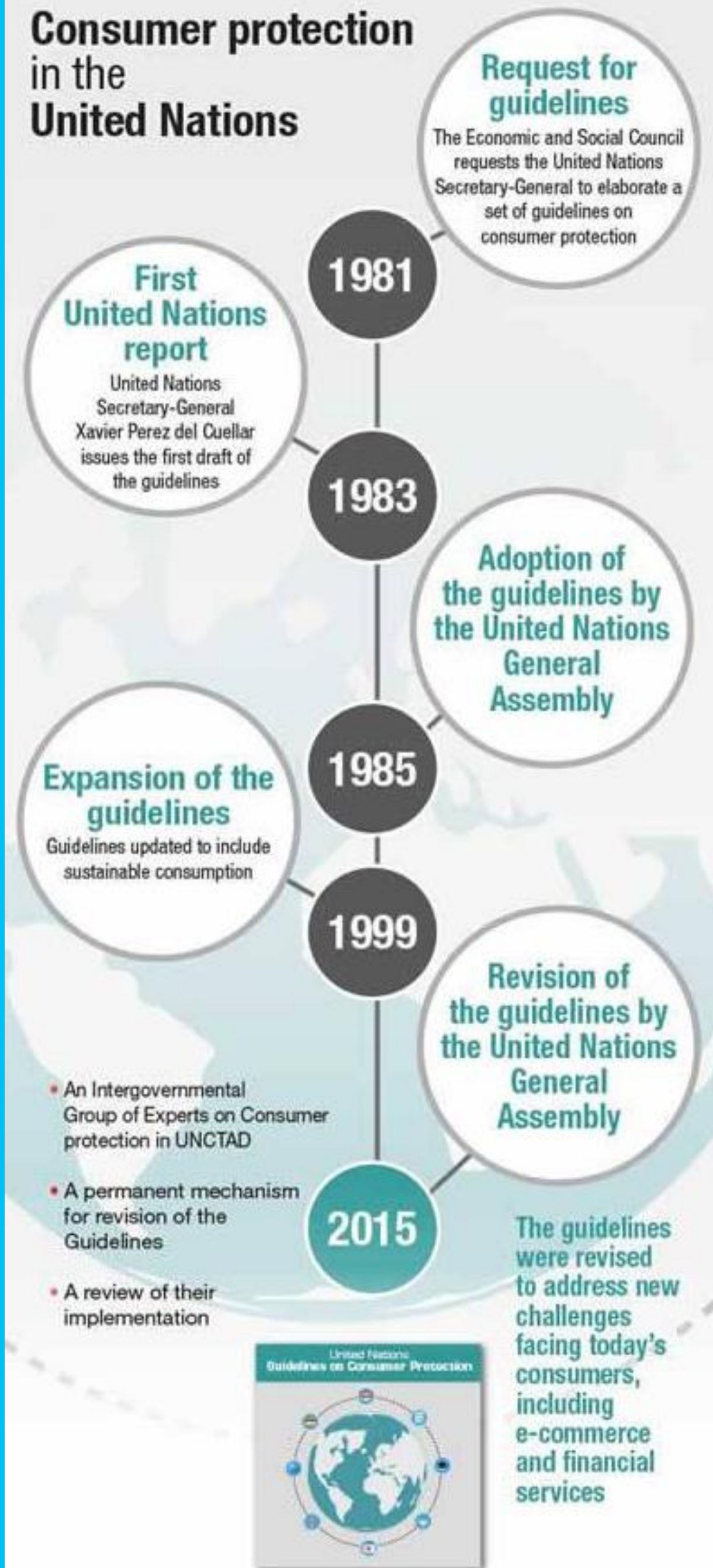
Guideline 66:

- 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.

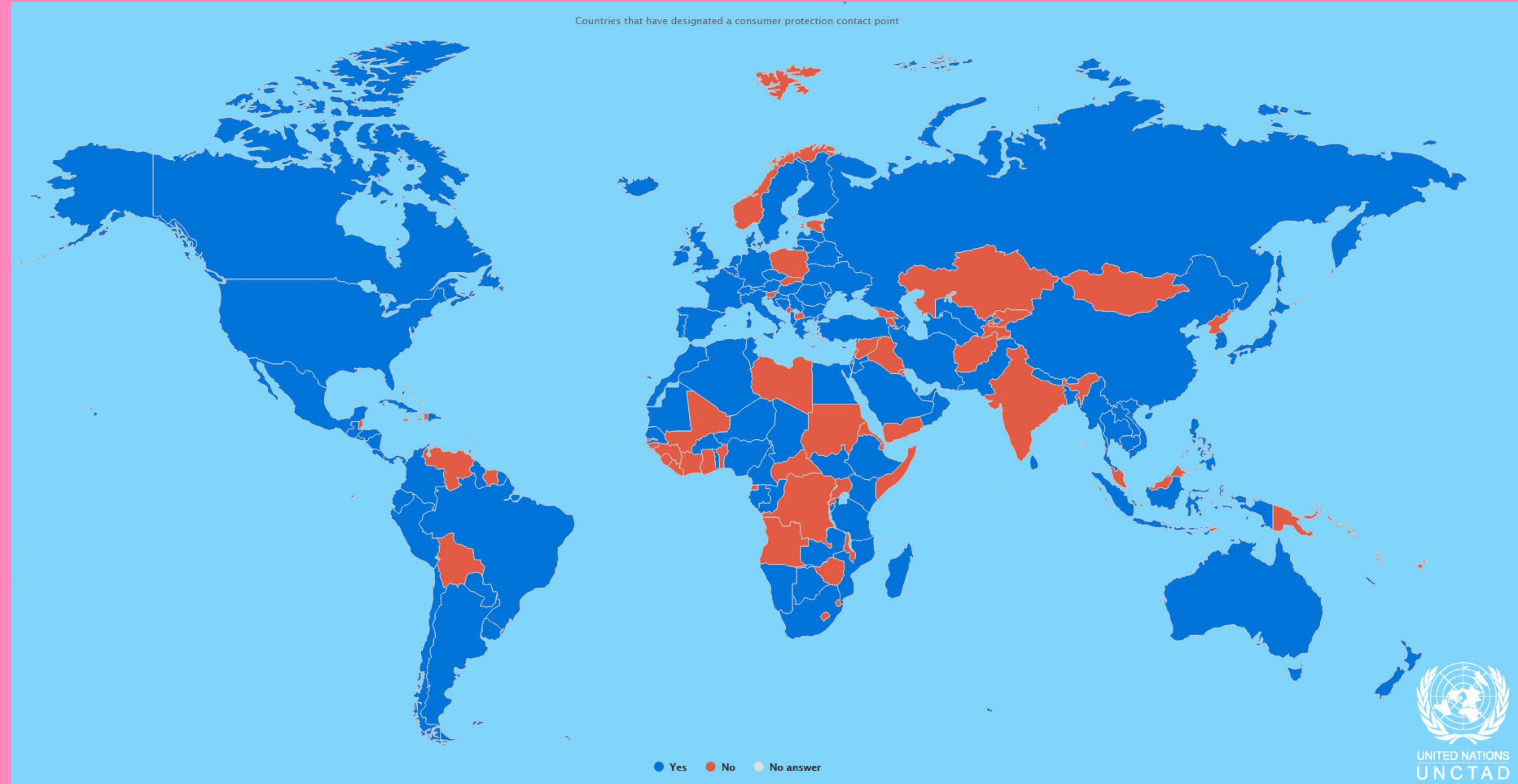
Guideline 67: Financial inclusion, financial education.

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

Consumer protection in the United Nations



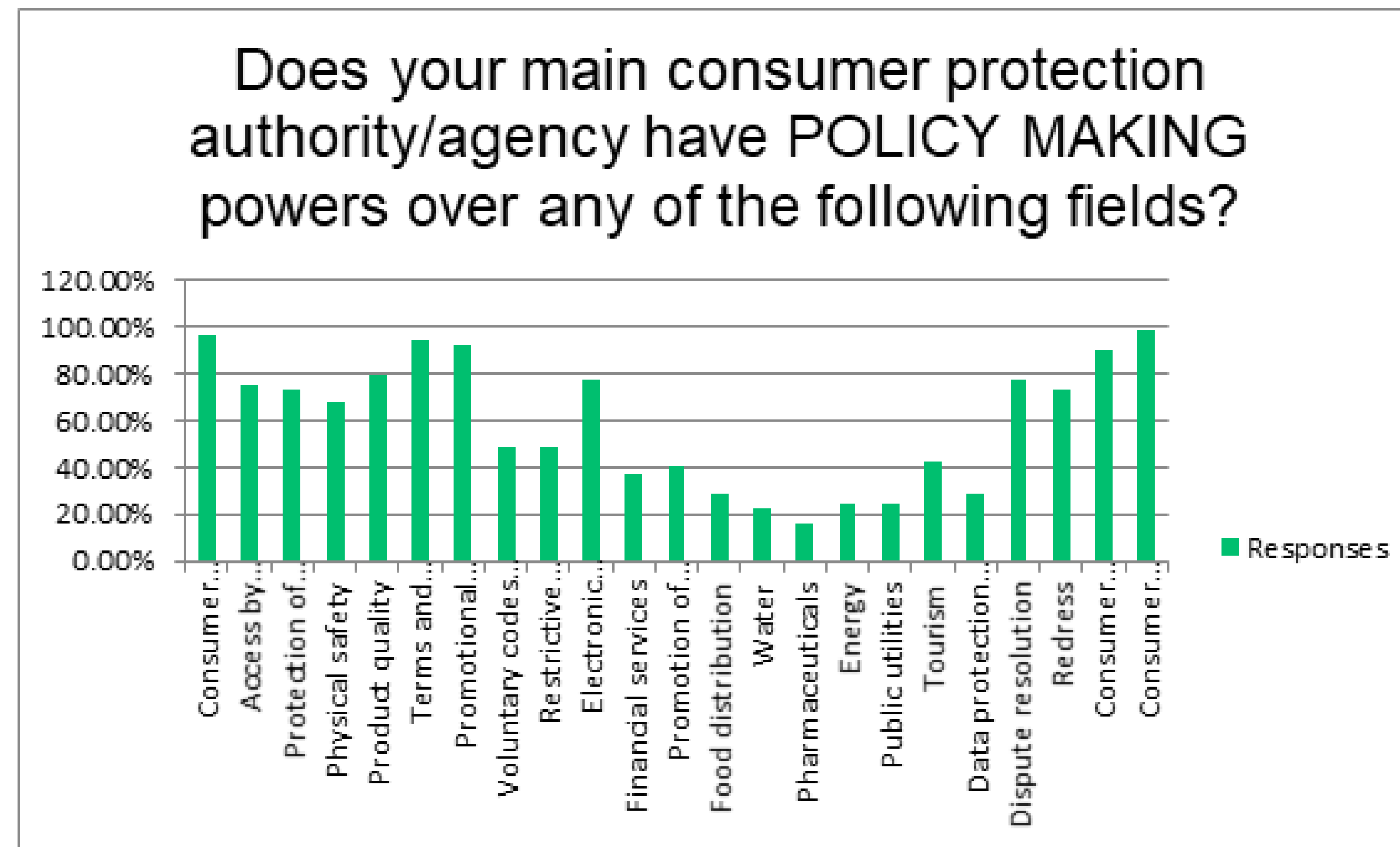
OVER 80 COUNTRIES HAVE SPECIFIC LEGISLATION ON CONSUMER PROTECTION



ACCORDING TO UNCTAD

WCPM:

LESS THAN 40% OF CONSUMER PROTECTION AUTHORITIES
HAVE POLICY MAKING POWERS IN THE FIELD OF FINANCIAL ISSUES



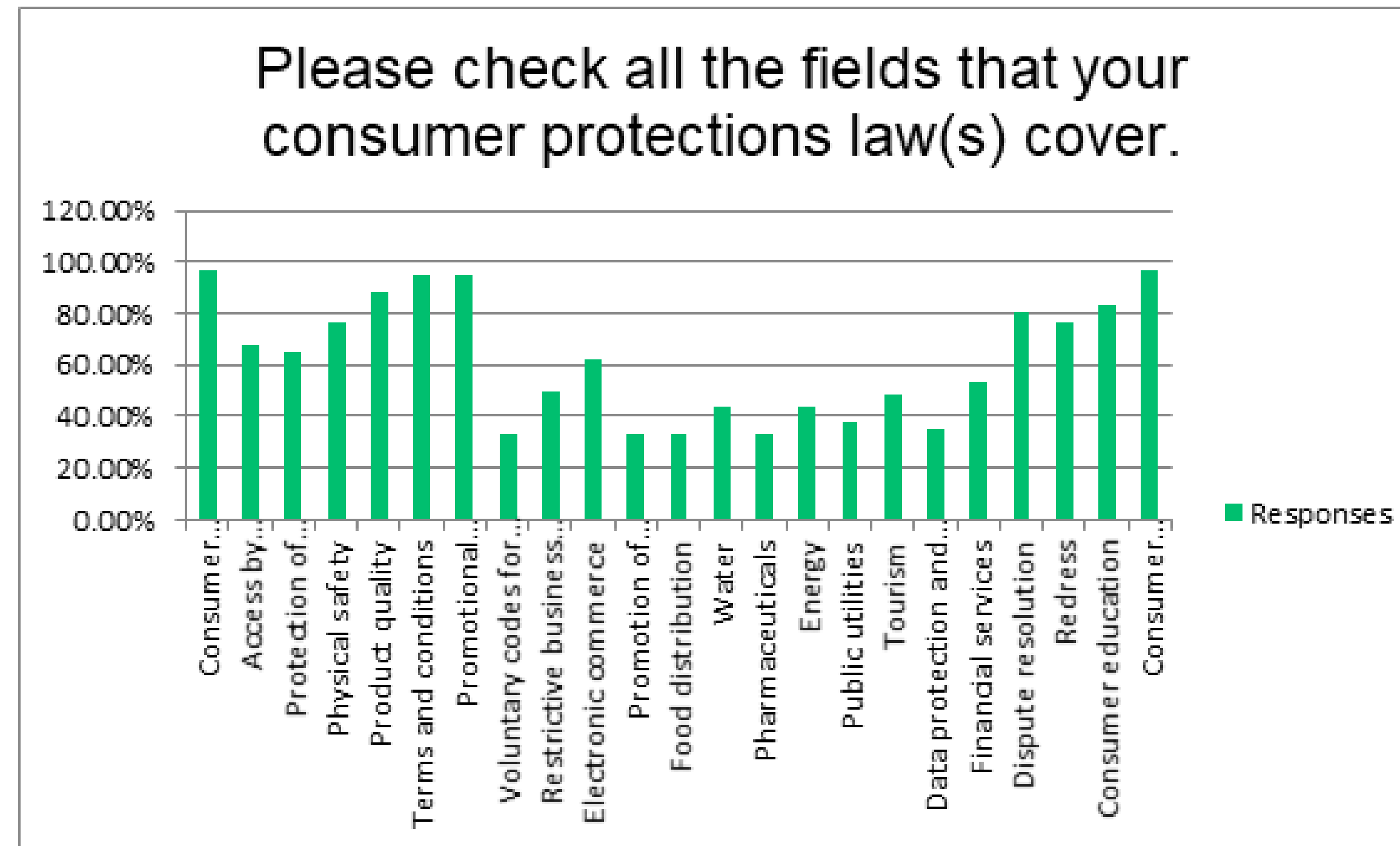
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ACCORDING TO UNCTAD WCPM:

AND.... LESS THAN 60% OF CONSUMER PROTECTION LAWS
COVER THE FIELD OF FINANCIAL ISSUES: ROOM FOR IMPROVEMENT



THE HEALTH CRISIS CAUSED BY COVID-19 HAS EXPOSED MILLIONS OF PEOPLE TO A GLOBAL THREAT OF NEVER-BEFORE-SEEN PROPORTIONS.

IN THIS SCENARIO, AND IN ADDITION TO THE HEALTH IMPACT AROUND THE WORLD, THOUSANDS OF PEOPLE HAVE SUDDENLY BEEN FORCED TO DEAL WITH VARIOUS CHALLENGES, SUCH AS:

EXCESSIVE PRICES OF HEALTH-RELATED ESSENTIAL PRODUCTS AND KEY CONSUMER GOODS,
MISLEADING ADVERTISING,
DIGITAL ILLITERACY,
UNSAFE ELECTRONIC PAYMENTS

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CONSUMER FINANCIAL PROTECTION KEY CONCERNS

FINANCIAL LITERACY AND INCLUSION
PROTECTION OF VULNERABLE AND DISADVANTAGED CONSUMERS
RESPONSIBLE BUSINESS CONDUCT
SECURITY OF ONLINE AND MOBILE PAYMENTS
ROLE OF FINANCIAL REGULATORS
ROLE OF CONSUMER PROTECTION AGENCIES
COMPLAINTS HANDLING AND CONSUMER REDRESS

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SPECIAL MEASURES DURING COVID-19 CRISIS

Special measures

Have taken special measures related financial services during COVID-19 crisis such as the monitoring of abusive prices and/or measures

Payments

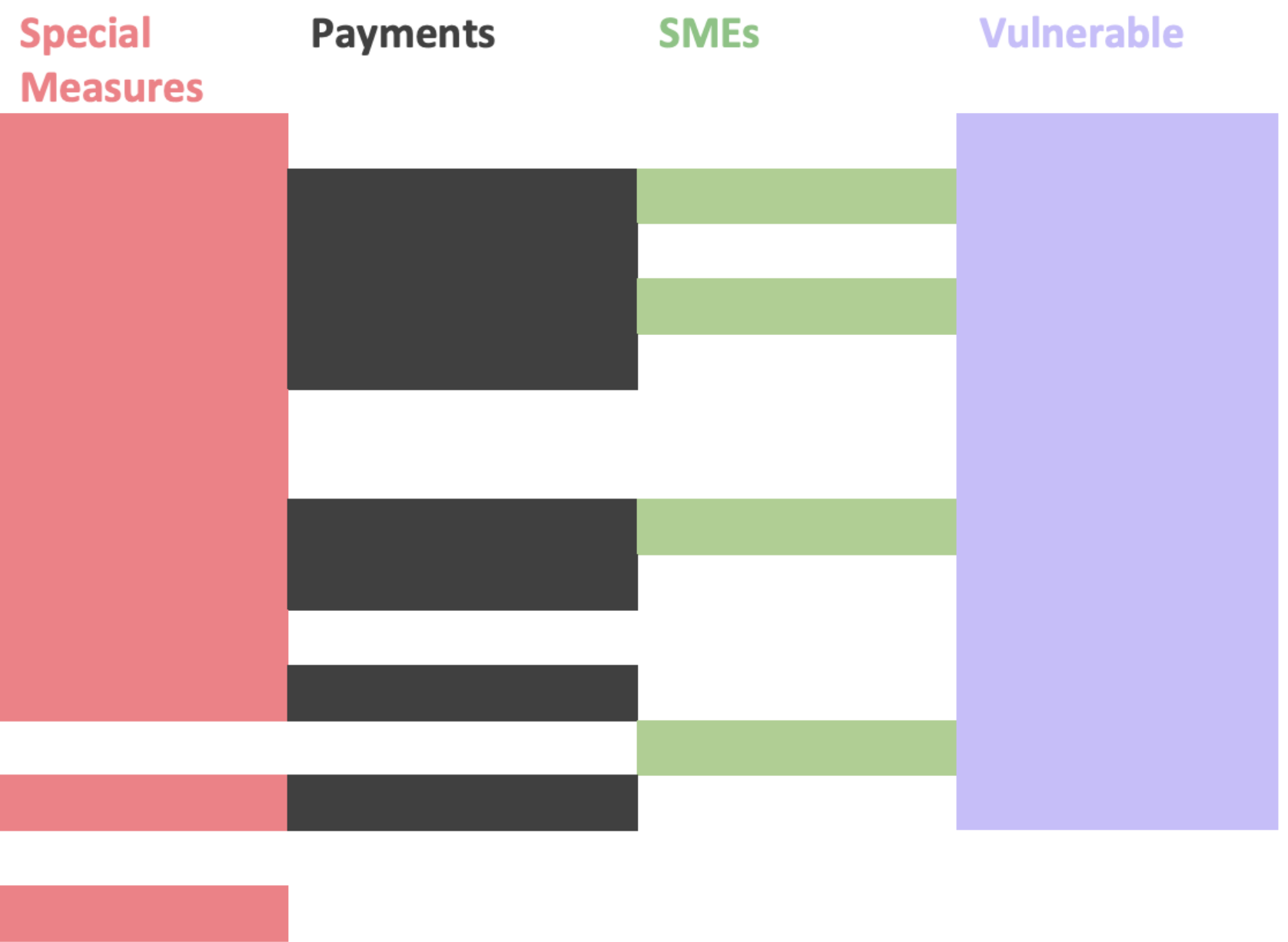
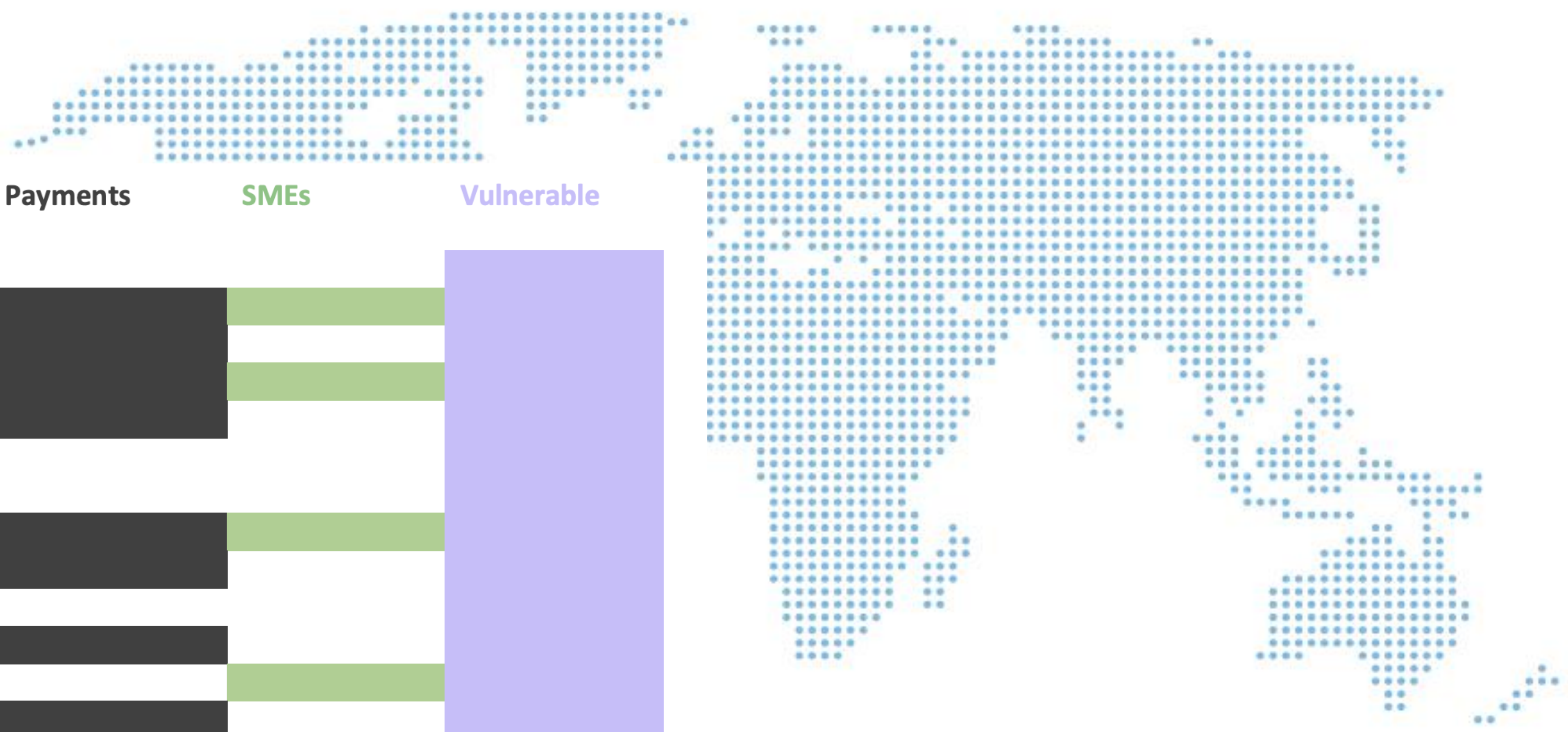
Have created special procedures for the payment of monthly basic services such as the renegotiation of debts without interest.

SMEs

Have developed special conditions for SMEs and Individual entrepreneurs

Vulnerable

Have created special conditions for vulnerable and disadvantaged consumers so that they can continue having basic products and services



THE COVID-19 CRISIS IMMEDIATE HARMS ON FINANCIAL CONSUMERS

INCREASED FRAUD AND SCAMS:

THE CRISIS HAS PROVIDED FERTILE GROUND FOR FRAUD AND SCAMS, INCLUDING THOSE RELATED TO FINANCIAL PRODUCTS AND SERVICES, PARTICULARLY IN THE DIGITAL CONTEXT

UNEXPECTED LOSS OF INCOME

CONSUMERS MAY HAVE BEEN FORCED TO SEEK FAST ACCESS TO CREDIT TO MEET CURRENT HOUSEHOLD BASIC EXPENSES, INCLUDING THROUGH DIGITAL CREDIT, LEADING TO THE INCREASE OF CONSUMER OVER-INDEBTEDNESS.

INSURANCE PRODUCTS

UNFAIR DEALS AND E
INSURANCE COVERAGE



THE COVID-19 CRISIS IMMEDIATE HARMS ON FINANCIAL CONSUMERS

CONSUMER TRUST AND THE ONLINE TOOLS

CONSUMERS NOT USED TO FINANCIAL ONLINE SERVICES WERE OBLIGED TO ADAPT DURING THE QUARANTINE.

SEVERAL PAYMENT TOOLS THAT AVOID “PHYSICAL CONTACT” ALSO BECAME INSTANTLY POPULAR AS WELL AS ONLINE PAYMENTS, GOVERNMENTAL SERVICES AND LOANS.

VULNERABLE AND DISADVANTAGED CONSUMERS

SEVERAL GROUPS OF CONSUMERS DID NOT MAKE USE OF ONLINE OR OTHER DIGITAL FINANCIAL TOOLS DUE TO:

LACK OF INFORMATION
ABUNDANT IN BOTH DE

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UNCTAD: RECOMMENDATIONS FOR ACTION

DURING THE COVID-19 CRISIS UNCTAD HAS RECOMMENDED GOVERNMENTS TO TAKE SOME ACTIONS TO BETTER PROTECT CONSUMERS :

- COORDINATION MECHANISMS INCLUDING HEALTH, CUSTOMS, CONSUMER PROTECTION AND COMPETITION AUTHORITIES
- MARKET MONITORING INITIATIVES ON ESSENTIAL CONSUMER GOODS SUCH AS MASKS AND SANITISERS
- EVALUATE VIABILITY OF IMPOSING PRICE CAPS FOR ESSENTIAL CONSUMER GOODS
- ENFORCEMENT ACTIONS AGAINST EXCESSIVE PRICE INCREASES, MISLEADING AND FALSE CLAIMS
- URGENT COOPERATION IN IDENTIFYING ABUSIVE PRACTICES
- ATTEND TO THE NEEDS OF VULNERABLE AND DISADVANTAGED CONSUMERS
- CONSIDER THE POSSIBILITY OF EXTENDING DEADLINES OF MONTHLY UTILITY BILLS AND CREDIT CARDS
- CAMPAIGNS TO INFORM CONSUMERS ABOUT SCAMS, MISLEADING AND UNFAIR BUSINESS PRACTICES

COOPERATION WITH OTHER CONSUMER PROTECTION AGENCIES EXCHANGING BEST

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.



PUBLICATIONS



THANK YOU!

COMPETITION AND CONSUMER POLICIES BRANCH
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[HTTPS://UNCTAD.ORG/EN/PAGES/DITC/COMPETITIONLAW/COMPETITION-LAW-AND-POLICY.ASPX](https://unctad.org/en/pages/ditc/competitionlaw/competition-law-and-policy.aspx)

