



# Consumers International

## Finding a balance between regulation & innovation The case of mobile payments

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# Consumers International

- 240 member associations in 120 countries;
- Recognition by UN, OECD, ISO;
- Independent & not-for-profit;
- Global research & campaigns through & for members;
- Offices in London, Kuala Lumpur, Santiago de Chile, Pretoria and Oman;
- Programmes on financial services and consumers in digital age.

# M-payment issues raised by CI members

- Tangible proof of payments;
- Reliability of crediting systems;
- Interoperability;
- Unclear regulatory status;
- Lack of impartial dispute resolution;
- Lack of 'currency';
- Dormant assets;
- Digital certificates; (no IMEA number)
- Excessive charges for remittances;
- Continuing problems of access;

# CI starting position

- CI participated in drafting UN guidelines on CP (1985, 1999 & 2014), OECD GLs on e-commerce, (1999 & 2014); dispute resolution (2007 & 2014); G20 work on consumer protection in FS (2011-present); remittances;
- now m-commerce in ISO & OECD;
- Normally favour regulatory approach for FS sector;
- In this case CI has favoured more liberal approach following successes in E. Africa & Phillipines;
- 1 billion+ consumers with mobile phone but no bank;
- 2.5 billion mobile payment users expected by 2015.
- USA expected x 10 between 2008 & 2013;

# So what are we doing?

## **1. ISO TC 68 financial services/SC7/WG10 on draft ISO 12812 mobile financial services:**

most members industry stakeholders; inc. US Federal reserve bank, Kenya central bank, European Payments Council; card manufacturers;

## **2. OECD Consumer policy (CP) committee:**

mainly OECD CP agencies + CI + Business & Industry Advisory Committee; also OECD G20 task force;

## **3. UN Guidelines on Consumer Protection:**

UN delegations, CI and Chambers of Commerce

# Draft standard ISO 12812

## Mobile financial services

5 papers:

1. General framework;
  2. Security & data protection;
  3. Financial application management;
  4. Mobile payments to persons (P2P)
  5. Mobile payments to businesses (C2B)
- Great debate over titles- what is a person?

## ISO: Key issues for CI

- **POCP:** plain old consumer protection: contract terms, transparency, complaints/dispute resolution; legal status of electronic receipts;
- **Limited consumer liability** for breaches of security- big debate: lessons from evolution of credit cards;
- **principles of data protection;**
- **Financial inclusion;**
- **Abandoned/dormant assets:** old problem in new form;
- **Good practices enabled by technology:** transaction logs, pop-ups for billing notices, facilities for visually handicapped;

# ISO: Lessons

- Standards cannot legislate, but may become, or may support, legislation/regulation downstream;
- What is basic to CP bodies may be new to industry;
- What is basic to industry may be new to CP bodies: eg differences between digital wallet & electronic purse?
- If systems are safe, the industry should be relaxed about limited liability for consumers;
- If systems not safe, we need limited liability;
- So, we need limited liability;
- Inter-operability: no differences on substance, only on emphasis;



# OECD policy guidance on mobile and online payments

1. Information disclosure
2. Privacy: principles drafted 1980 updated 2013;
3. Security: principles drafted 2002: emphasise ‘shared responsibility’ ;
4. Confirmation process
5. Protection of children: children cannot contract;
6. Protection varies by jurisdiction & transaction type;
7. Fraudulent, misleading, unfair commercial practices
8. Dispute resolution and redress

2014 report – *Consumer Policy guidance in online & mobile payments*

## Lessons from OECD negotiation

- Emphasis on shared responsibility of ‘participants’ ; participants intrinsically unequal;
- Limits of consumer education and disclosure: average time taken to read a digital agreement: 6 seconds;
- Limitations of inter-governmental processes: eg remittances not covered; G20 process gave little attention to consumer credit – covered by FSB;
- Negotiated text necessitates compromise;

# What does CI want for FS from UN guidelines?

- Data protection.
- Technological neutrality of CP;
- Interoperability;
- Dispute resolution;
- Contract terms, transparency, security;
- Portability & transparency;
- Financial inclusion;
- Remittances
- Responsible lending;
- Bank deposit guarantees

# Overall lessons

- Tech advances hold great promise for consumers; eg potential benefits for FS, remittances and utilities; can enhance children's security eg transport and meals;
- Monopolies can be reduced; eg: mobile telephony in low income countries; same needed in remittance sector;
- technological development can heighten issues of CP because of speed of transaction; eg need for 'cooling off' ; consumers skip contracts when 'timed out' ;
- Many consumers expert on technology but not on CP law; ask your 6 year old!
- **new technology but permanent issues**



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