

CONSUMER PROTECTION IN MOBILE PAYMENTS

DEVELOPMENTS IN THE OECD AND BEYOND

Paper, Plastic . . . Or Mobile?
An FTC Workshop on Mobile Payments
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OECD

- **OECD = 34 member countries**
 - Europe: 21 EU members, Iceland, Norway, Switzerland, Turkey
 - Americas: Canada, Chile, Mexico, US
 - Asia/Pacific: Australia, Israel, Japan, Korea, New Zealand
- **OECD engages in outreach to non-member economies**
 - Russian Federation (accession candidate country)
 - Brazil, China, India, Indonesia, South Africa (enhanced engagement strategies)
- **Bodies:** 200 bodies covering a range of economic and social issues
- **Committee on Consumer Policy**
 - Carries out research, provides discussion forum for policymakers, develops policy guidelines/best practice advice
 - Observers (Egypt and India), Consumers International, European Commission, business; links with international organisations including ICPEN, ISO, UNCTAD, UNEP
 - Working Party on Consumer Product Safety

REVIEW OF OECD 1999 E-COMMERCE GUIDELINES

- 2008 Seoul Ministerial on the Future of the Internet Economy
 - 2008 m-commerce policy guidance
(www.oecd.org/dataoecd/49/38/40878993.pdf?contentId=40878994)
- 2009 Washington conference
(www.oecd.org/ict/econsumerconference)
- Current projects
 - Online and mobile payments
 - Digital content products
 - Participative web
 - Outcomes: new/revised instruments



GLOBAL TRENDS IN MOBILE PAYMENTS

- Convergence in online and m-payments
- Global volume of transactions is growing rapidly
- Increasingly processed by non-traditional financial organisations

- Developments in OECD countries
 - NFC mobile payments
 - Digital wallets

- Developments in non-member economies
 - Banking
 - Remittances and money transfers

CONSUMER POLICY ISSUES IN OECD COUNTRIES

- 5 main areas covered in the Committee's work
 - (i) Clarity, transparency, completeness, timeliness in information disclosure
 - (ii) Confirmation process and transaction errors after validation of an order
 - (iii) Varying levels of consumer protection among payment providers and payment vehicles
 - (iv) Combating fraudulent, misleading, deceptive and other unfair commercial practices
 - (v) Dispute resolution and redress

CLARITY, TRANSPARENCY, COMPLETENESS, TIMELINESS IN INFORMATION DISCLOSURE

- Payment-related information is not always easy to access, read, retain, understand and complete
- Billing statements are not always sufficiently clear and transparent
- Information on loyalty and rewards programmes is not always clear
- Personal information that consumers are sometimes required to provide to conclude a transaction may raise privacy concerns

CONFIRMATION PROCESS AND TRANSACTION ERRORS AFTER VALIDATION OF AN ORDER

- Consumers can have difficulty determining when they are deemed to have entered into a transaction
- Correcting transaction errors can be difficult, if not impossible, once an order has been validated

VARYING LEVELS OF CONSUMER PROTECTION AMONG PAYMENT PROVIDERS AND PAYMENT VEHICLES

- Consumers are not always provided with clear and conspicuous information on their rights and obligations
- Consumers do not always afford any types of protection depending on the payments means used and problem at stake

COMBATING FRAUDULENT, MISLEADING, DECEPTIVE AND OTHER UNFAIR COMMERCIAL PRACTICES

- Automatic repeat purchases or automatic subscription prolongations
- Trial periods termination
- “Free” products
- Cramming
- Data pass marketing

DISPUTE RESOLUTION AND REDRESS

- In multi-party payment schemes with numerous actors (e.g., mobile operators, credit providers, merchants, apps developers), consumers may have difficulty understanding who to turn to in case of problem with the transaction
- Low cost, easy to use alternative dispute resolution mechanisms may need to be developed to address mobile payments issues

GLOBAL ENFORCEMENT CO-OPERATION

- International Consumer Protection and Enforcement Network (ICPEN)
- Mobile payments working group (lead by Norway)
- Background report - June 2012

FOR FURTHER INFORMATION

- Please contact Brigitte Acoca (brigitte.acoca@oecd.org)
- Visit our website at: www.oecd.org/sti/consumer-policy

Thank You!



www.oecd.org/sti/consumer-policy