



# PHONES, INTERNET SERVICE, AND E-COMMERCE

PowerPoint Slides Presentation Handout

Strengthening Technical Competency for  
Consumer Protection in ASEAN





# **Phones, Internet Services, and e-Commerce Session 1 – Introduction**

# Session topics / Outline

- Introduction to phones, Internet services, and e-Commerce
- Effective use of online technologies and their impact on economic growth and consumer welfare
- Requirements for effective use of online technologies.
- Consumer use of phones, the internet, and e-commerce
- Consumer protection needed in “brick-and-mortar” markets
- How ‘consumer experiences’ in using these technologies can be made better

# Introduction to phones, Internet services, and e-Commerce



- background and context of the sector
- mobile phone
- Internet
- e-Commerce

# Introduction to phones, Internet services, and e-Commerce



- Use of the Internet and the web to transact business
- More formally, digitally enabled commercial transactions between and among organizations and individuals

# Effective uses of online technologies in e-Commerce



- increased choice in products and services, quality, price, and other attributes
- increased competition as more traders compete
- lower their search and transaction costs

# Effective uses of online technologies on traders



- potentially make offers to a great number of potential customers
- can make significant savings in marketing and transaction costs

# Requirements on effective use of online technologies



- access and confidence are two major requirements for effective use of online technologies
- consumer access the Internet through various ways (from desktops, laptops, kiosks, libraries, work, mobile device)
- on variable bandwidths
- under various regulatory arrangements

# Requirements for effective use of online technologies



- Access and confidence are two major requirements for effective use of online technologies
- Consumer access the net from desktops, laptops, kiosks, libraries, work, mobile device on variable bandwidths

# Requirements for effective use of online technologies



- Consumer access the Internet from various arrangements
- Consumer access the net under various regulatory arrangements

# Requirements for effective use of online technologies



Consumer confidence includes:

- consumers awareness of potential hazards like cookies and to know how to avoid and mitigate harm.
- the ability to implement strategies to avoid and mitigate harms

# Requirements for effective use of online technologies



Consumer confidence includes:

- knowledge that laws and regulations are in place to stop harmful practice and facilitate remedies
- knowledge that they can do something practical if they have a problem

# Consumer use online technologies



- for social interaction
- for information
- for transaction
- for entertainment

# Consumer use online technologies



Strategies of traditional (brick or mortar) traders due to increasing business using technologies:

- they maintain a website to advertise
- they encourage consumers to go online to save

# Need for online consumer protection



- Needed in all encounters, both in bricks and mortar markets and online markets
- Harms are caused when legitimate traders do not manage their consumer protection compliance risk.
- Harms are caused when consumers do not act in their own interests

# Strategies to improve consumer experience



- More effective enforcement of existing regulations
- Easier access to a range of free or no cost systems for quick and fair resolution of consumers complaints
- Increased consumer education by consumer protection authorities, sector regulators and infrastructure providers
- Expanded roles for business associations, individual traders, and infrastructure providers

# Strategies to improve consumer experience



- More effective and efficient interagency cooperation at the national, regional, and global levels
- Enact new national laws to fill in legislative gaps

# Status of e-Commerce law harmonization in ASEAN



- Harmonize general consumer protection laws and technology in the ASEAN
- Progress towards harmonization strongest in electronic transaction laws
- Cambodia has not passed electronic transaction legislation but draft completed in 2017 to be enacted in 2018.

# Status of e-Commerce law harmonization in ASEAN



- 6 out of 10 have consumer protection legislation.
- Brunei and Indonesia have partial laws in place.
- Lao drafted law
- Cambodia has no general consumer protection law that applies to e-Commerce. But, proposed omnibus e-commerce law will include a section on online protection.

# Status of e-Commerce law harmonization in ASEAN as of March 2013

Member Country	Electronic Transactions	Privacy	Cybercrime	Consumer Protection	Content Regulation	Domain Names
Brunei Darussalam	Enacted	None	Enacted	Partial	Enacted	Enacted
Cambodia	Draft	None	Draft	None	Draft	Enacted
Indonesia	Enacted	Partial	Enacted	Partial	Enacted	Enacted
Lao People's Democratic Republic	Enacted	None	None	Draft	Enacted	Partial
Malaysia	Enacted	Enacted	Enacted	Enacted	Enacted	Enacted
Myanmar	Enacted	None	Enacted	Enacted	Enacted	Enacted
Philippines	Enacted	Enacted	Enacted	Enacted	None	Enacted
Singapore	Enacted	Enacted	Enacted	Enacted	Enacted	Enacted
Thailand	Enacted	Partial	Enacted	Enacted	Partial	Partial
Viet Nam	Enacted	Partial	Enacted	Enacted	Enacted	Enacted

UNCTAD Review of e-commerce legislation harmonization in ASEAN 2013



# Session assessment



- What have you learned from the topics discussed?
- How can you apply these learnings in your work related to consumer protection?



# **Phones, Internet Services, and e-Commerce Session 2 – Substantive Consumer Protection Issues**



## Session topics / Outline

- Indicators showing the problems consumers are encountering.
- Consumer protection issues identified from international experience.
- Most common scams and how and why they continue to claim victims.
- Potential consumer threats posed by many scams.

# Potential sources of information of consumer problems



- consumer complaints to
  - government authorities
  - consumer organizations
- local market intelligence on non-complaints from those operating in the market and from other stakeholders
- problems experienced by consumers globally

# Problems consumers experience



- Authorities receive access and pricing complaints
- Pre-sale representations are misleading and deceptive
- Contractual issues pertain to unfair contractual terms

# Problems consumers experience



- Post sale issues related to
  - non-delivery
  - poor quality goods
  - unsafe goods
  - warranties
  - repairs
  - refunds

# Situations Consumer will likely make poor choices:



- which trader or seller to buy from
- which products to buy, how to buy, and how much to pay for

# Situations Consumer will likely make poor choices:



- what to do when they encounter a problem with what they bought
  - misleading information on seller's website during pre-sale
  - misleading conduct pertains to confusing disclosure At Point-of-Sale

# Situations Consumer will likely make poor choices:



- what to do when they encounter a problem with what they bought
  - during post sale, there are misleading conduct on warranty, repairs, refunds, effect of terms of contract

# Unfair contract terms



- Can be very one sided on their benefits or cost
- Legislation that prohibits unfair contract terms may be:
  - general and principle based
  - specific terms may be prohibited by the court, and agency, or by law

# Example of legislation prohibiting unfair contract terms



Australian consumer law provides a 3-step test to determine if contract is unfair

1. Do the terms cause a significant imbalance in the parties' rights and obligations?
2. Is the term reasonably necessary to protect the legitimate rights of the parties?

# Example of legislation prohibiting unfair contract terms



Australian consumer law provides a 3-step test to determine if contract is unfair

3. Would reliance on the terms cause significant detriment to one of the parties?

# Unfair contract terms are common when:



- there is significant power imbalance between consumer and trader.
- when traders use standard contract forms that discourage consumers to clarify or negotiate the terms

# Most commonly encountered unfair contract terms



- allowing one-sided or unilateral change to terms of the contract
- making the consumer liable for things that would normally be outside their control
- consumers are not consulted for charges to their credit cards

# Most commonly encountered unfair contract terms



- there are one-sided penalties in credit cards
- traders, staff, and agents deny liabilities for negligence
- applying national laws on the contract when there is no common jurisdiction

# Most commonly encountered unfair contract terms



- contract terms states that representations made by traders outside of the written contract cannot be relied upon in case of a dispute
- invoking the national law on the contract in international commercial contracts

# Adverse effect of unfair contract terms may be reduced or nullified:



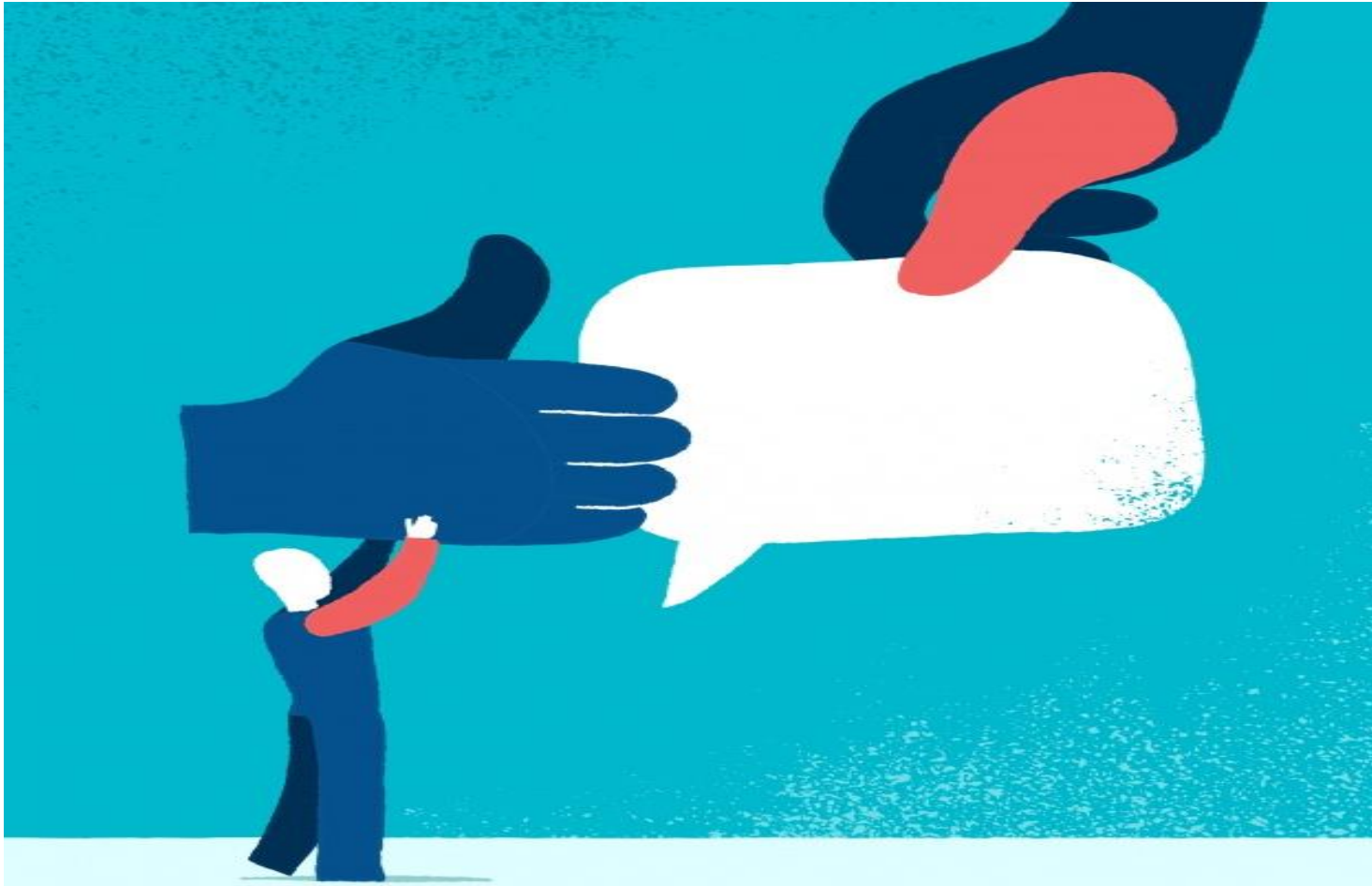
- by applying criminal law regardless of the contract terms
- where national civil law specifically provides for consumer rights and traders obligations outside of, or in addition to the terms of the contract

# Adverse effect of unfair contract terms may be reduced or nullified:



- where the supplier may not be either physically present or have assets within the ASEAN jurisdiction
- where the terms that allow an Internet Service Provider (ISP) to unilaterally shift the consumer to a new, less favorable plan

# Adverse effect of unfair contract terms may be reduced or nullified:



- on terms that give the seller irrevocable, perpetual, and fee-free right to use information given by the consumer
- for complicated contracts and very long contracts that are “manufactured confusions”

# Adverse effect of unfair contract terms may be reduced or nullified:



- “manufactured confusions” make it difficult for average consumers to
  - identify unfair or harsh contract terms
  - make accurate comparisons between competitor products and services
  - understand what they are agreeing to

# Common scams

You Imagine  
how your life  
will change.

You'll be rich!



## Advance Fee Fraud Scheme

- The victim pays money to someone anticipating to receive something of greater value like a
  - loan,
  - investment, or
  - gift
- But the victim receives little or nothing in return.

# Common scams

Attention Please!! Spam x **Inheritance Scams**

Mr. James Frankie james@RKmai.com Jun 18 (4 days ago) ☆

to undisclosed recipients

**Be careful with this message.** Similar messages were used to steal people's personal information. Unless you trust the sender, don't click links or reply with personal information. [Learn more](#)

Dear partner, **Bogus inheritance format**

I am James Francis from Florida USA I was the personal account officer of late Libyan Leader Omar Muammar al Gaddafi for 25year, before his dead last year 2011 he ask me to transfer a very huge amount of money about **\$20m (Twenty Million US Dollars)** to a Commercial Bank in Malaysia (Chase Bank) for a twenty five story's building he wanted to buy in SARAWAK MALAYSIA without a beneficiary name because of the nature of his country. **Since after his death no one has come for the claim of the money due to the fact that there was no beneficiary to the fund.**

**Fake Amount and fake news!**

Now the Bank (Chase Bank) is asking me to present the beneficiary of the money that they need to transfer the money back to the owner since the account is dormant for a long time now. After going through your profile and that of your company I believe you are the right person for this job since your company's business correlates with a kind of business I would like to invest my own share of the money when is finally transferred.

But right now my healthy condition and security in my country I can't transfer this fund to my personal account rather I want you to assist me to receive this fund" If you would assist me with this I will compensate you with 30% of the total sum and at the same time invest my own money in your company's business. More details will be sending to you when I receive your interest response.

You are free to call me for more information. **Asks for response!!**

Thanks & Best Regard  
Mr. James Frankie  
H/P: +21-2356417895  
Email: james@RKmai.com



**LUCK**   
**THAT LASTS  
A LIFETIME!**

*Are You In?*

#LuckyforLife

PLEASE PLAY RESPONSIBLY.

- Fake inheritance scam

- Lottery, competition, unexpected prize scam

# Dating and romances scams



- Scammers create face profiles on legitimate dating websites to build online relationships and exploit the victim's emotions.

# Dating and romances scams



- Scammers ask for money to help cover costs associated with some made-up illness, injury, travel costs or family crisis. Victims pay or personal details for later pranks.

# Common scams: Computer and smartphone hacking



Stealing consumers' identities or authorities to:

- Take money from the victim's bank accounts,
- Buy things using the victims' credit cards
- Use the victims' computers to distribute scam messages to other consumers

# Common scams:

## Computer and smartphone hacking

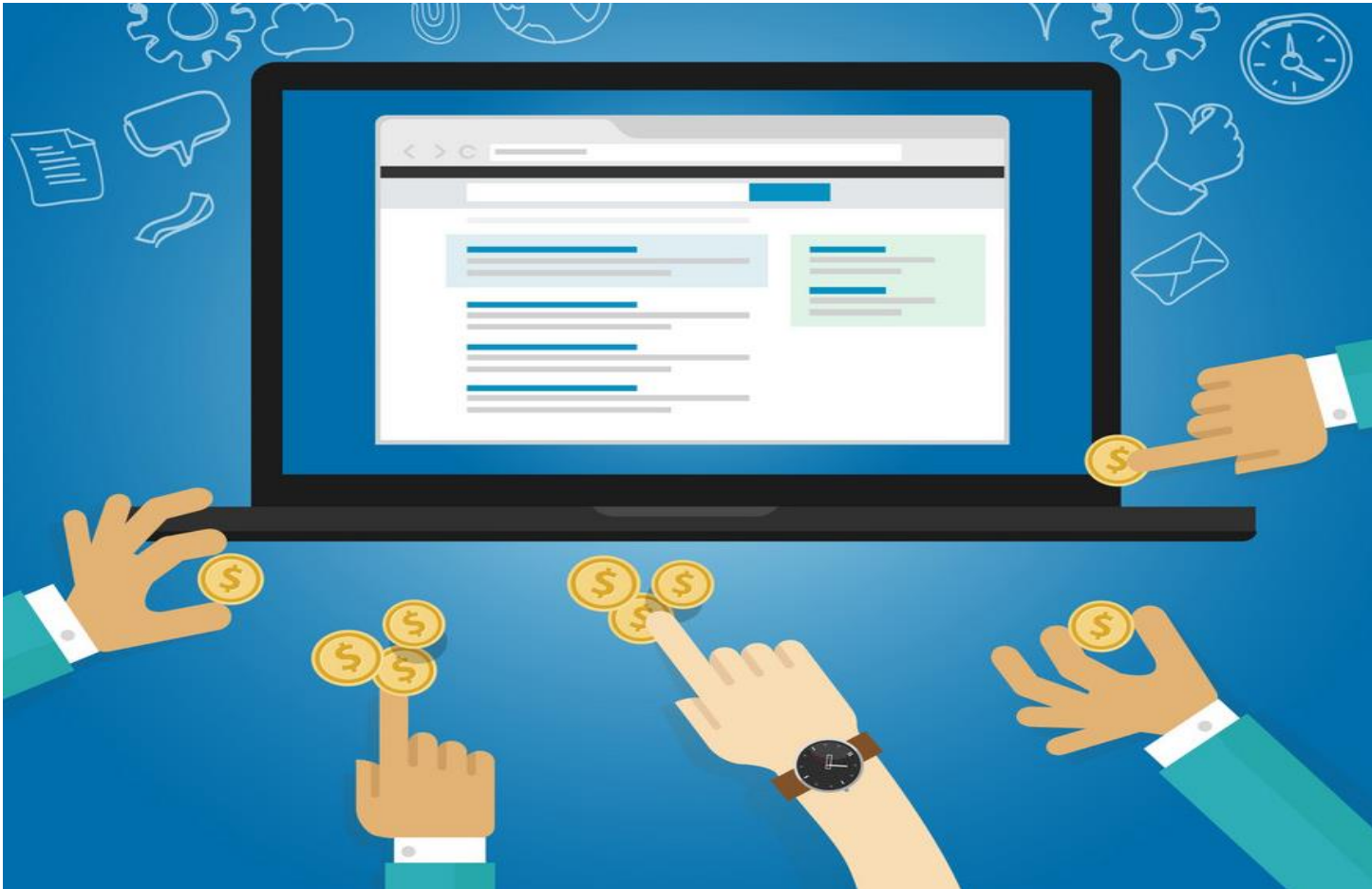


Stealing consumers' identities or authorities to:

- Take over the victims' computers and hold them for ransom by denying access to the computers until money is paid to the scammer

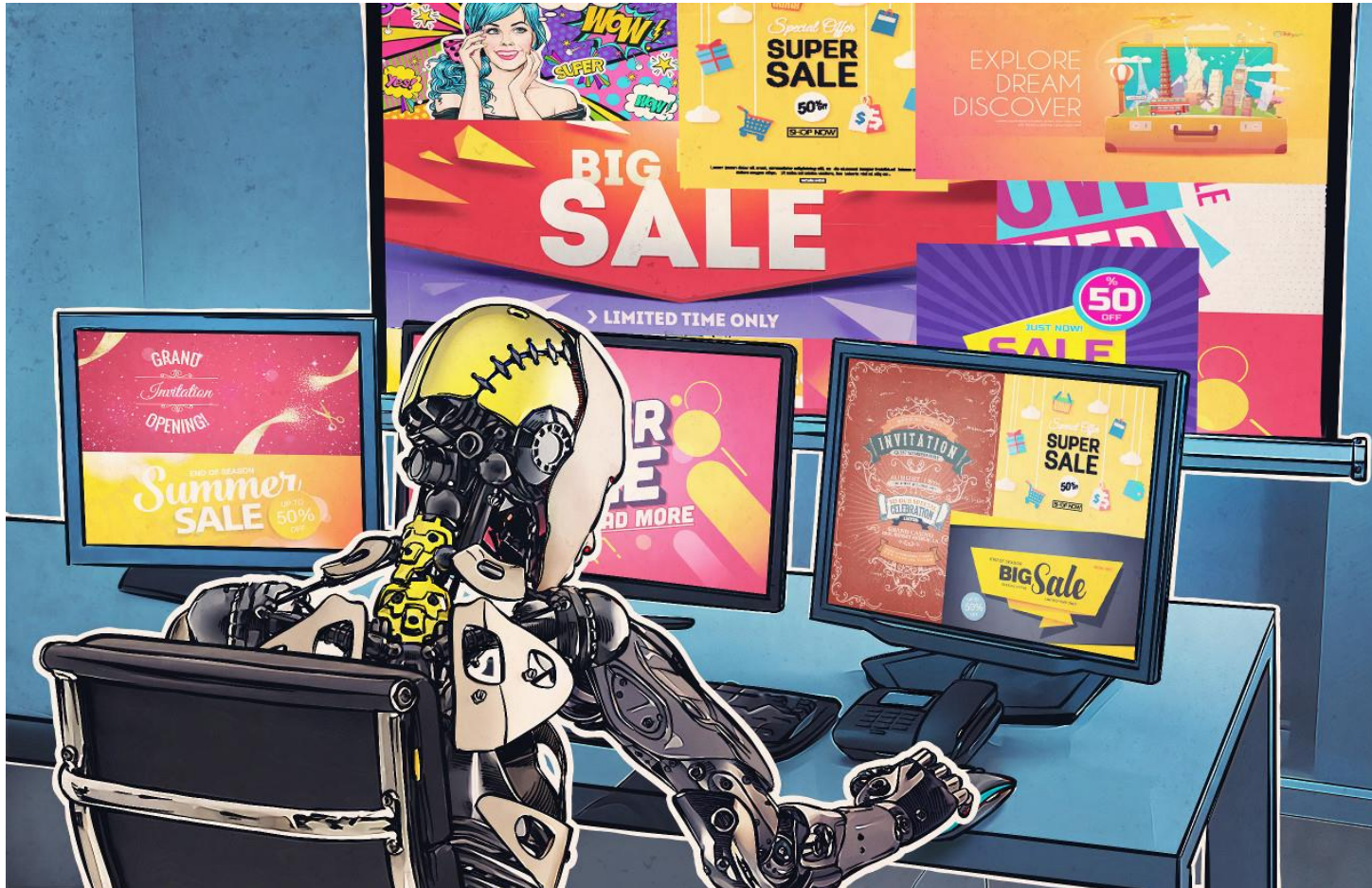
# Common scams:

## Online auction scams



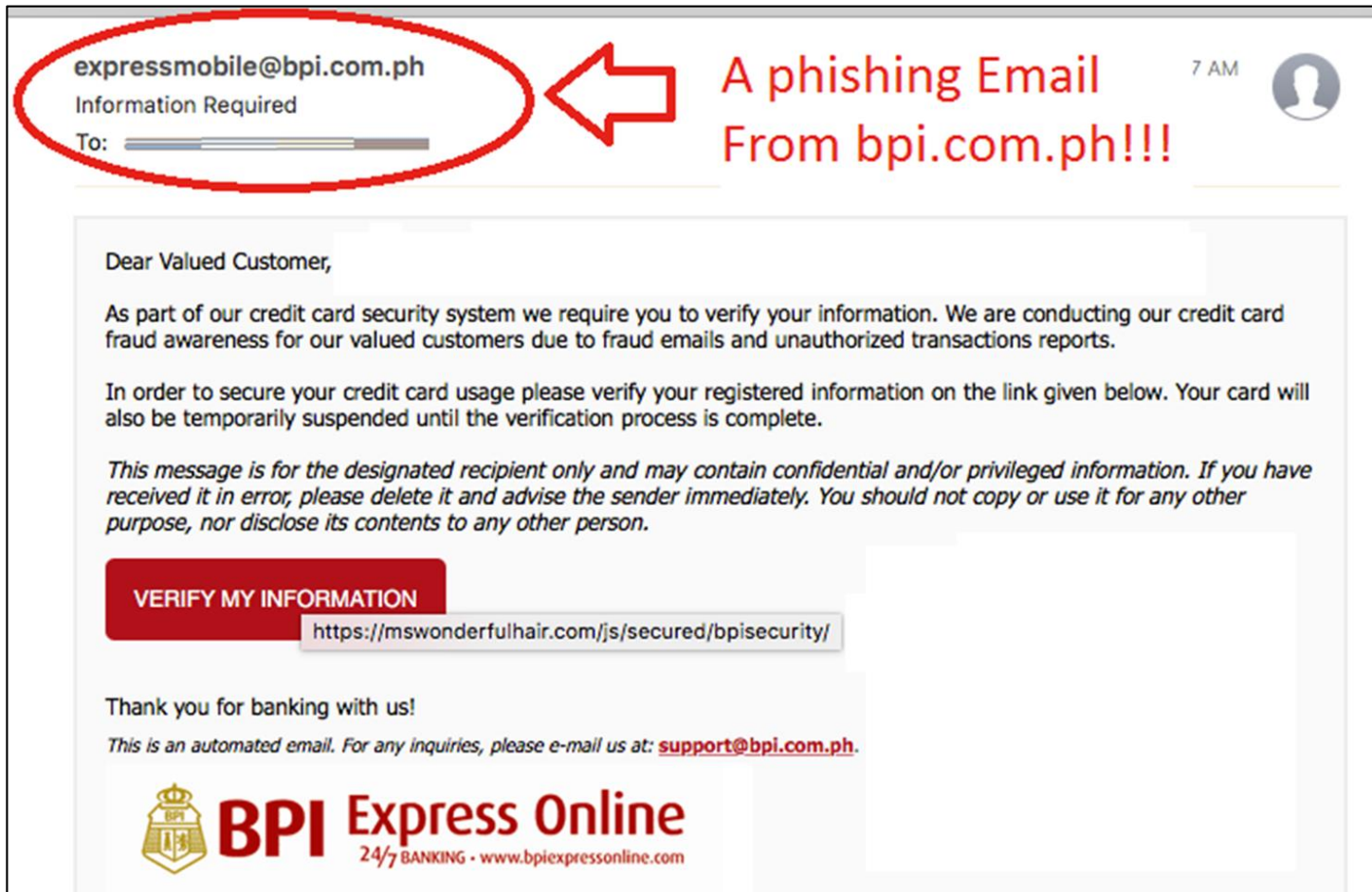
- An online auction site is where buyers and sellers are allowed to exchange any items amongst each other over the internet despite geographical and time differences.
- On-line auction scams often take advantage of consumers trust in well established, legitimate auctions sites.

# Common scams: Online auction scams



- Advertising scams use legitimate sounding advertisements to lure unsuspecting consumers into paying money or providing personal information.

# Common scams: Banking, credit card, and online account scam



- Phishing scam mostly using e-mail transactions
- Card not present in internet or phone transactions do not require the trader to actually see the card itself

# Common scams: Banking, credit card, and online account scam



- Scammers obtain the information:
  - when a consumer hands his card over to be swiped
  - when he provides the information as part of a legitimate net or phone transaction.

# Common scams: Employment scam



- Employment scams may involve offers to work at home, in another town or city, or overseas
- Many require payment fees up front for training, travel, software, security, clearances, visa fees, taxes, government charges

# Common scams: Study scam



- Site looks like a legitimate educational institution.
- Entry level requirements & fees are lower
- Scholarship or other inducements are offered

# Common scams: Study scam



- Attracts the student victim to pay fees right away
- Student victim finds out that the course does not exist; the institution does not exist; the courses are cancelled; the courses are substandard; the awarded qualification is unrecognized by industry or government

# Common scams: Get rich quick scam



- Comes with inducements that guarantees large, quick, risk-free rewards, investment schemes, gambling opportunities, pyramid schemes (return for joining with an upfront fee; the rewards are linked with the victim arranging for others to join; inevitably pyramid schemes must collapse, with most participants losing all of their 'investment').

# Common scams: Get rich quick scam



- requires upfront money for membership, special calculators, application.
- exaggerates promises

# Common scams: Get rich quick scam

**The false investment scheme**

They are offered a holiday home or shares with a professional website with no solid proof of the product's existence.

**4**

**\$30,000**  
The average loss of savings for each investor.

**TIPS**

**LIMITED TIME OFFER**

Tell them not to feel pressurised to hand over any money hastily just because they're told it's a great opportunity

Make sure they talk to you or other friends and family first to get a second opinion

The infographic features a wooden holiday home on stilts, a green banknote with a dollar sign, a hand pointing to a speech bubble, and a document with a 'LIMITED TIME OFFER' stamp.

## Investment schemes

- There are no actual investments because the fees paid by the victim are taken by the scammer
- Guarantees large, quick, and risk-free rewards.

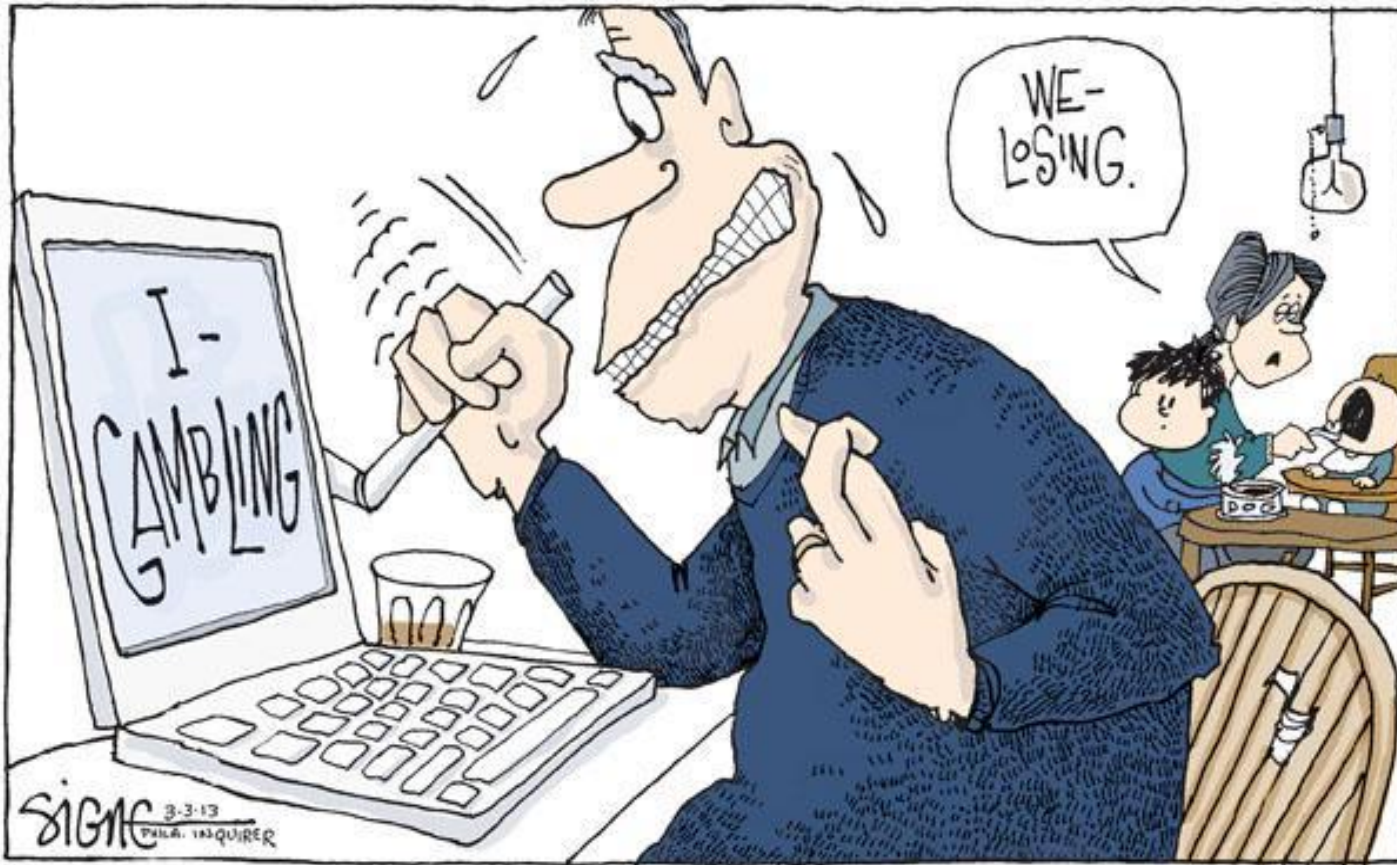
# Common scams: Get rich quick scam



## Investment schemes

- They are made to sound more enticing because of specialized computer software applications; advice of successful expert or a 'proven' process.
- Testimonials by successful participants are a common feature.

# Common scams: Get rich quick scam



Copyright by Signe Wilkinson

## Gambling scam

- non-existent gambling forums, fictitious participation in real competitions or less commonly, actual betting on real races or casino games or other competition

# Common scams: Health scams



- 'Miracle cures' or wonder products that offer a solution not provided by conventional treatments & products.
- Victim loses money by purchasing ineffective products and may suffer adverse effects to his/her health.

# Common scams: Charity scams



- Collecting for legitimate charities or even non-existent charities
- Timing with catastrophic events and hopes to get immediate and positive responses and receive donations

# Cross border purchases



- Post purchase ramifications may be significant.
- Sells to consumers in multiple countries with different regulations on
  - Product safety
  - Product labelling
  - Product approval
  - Warranties, repairs & refunds

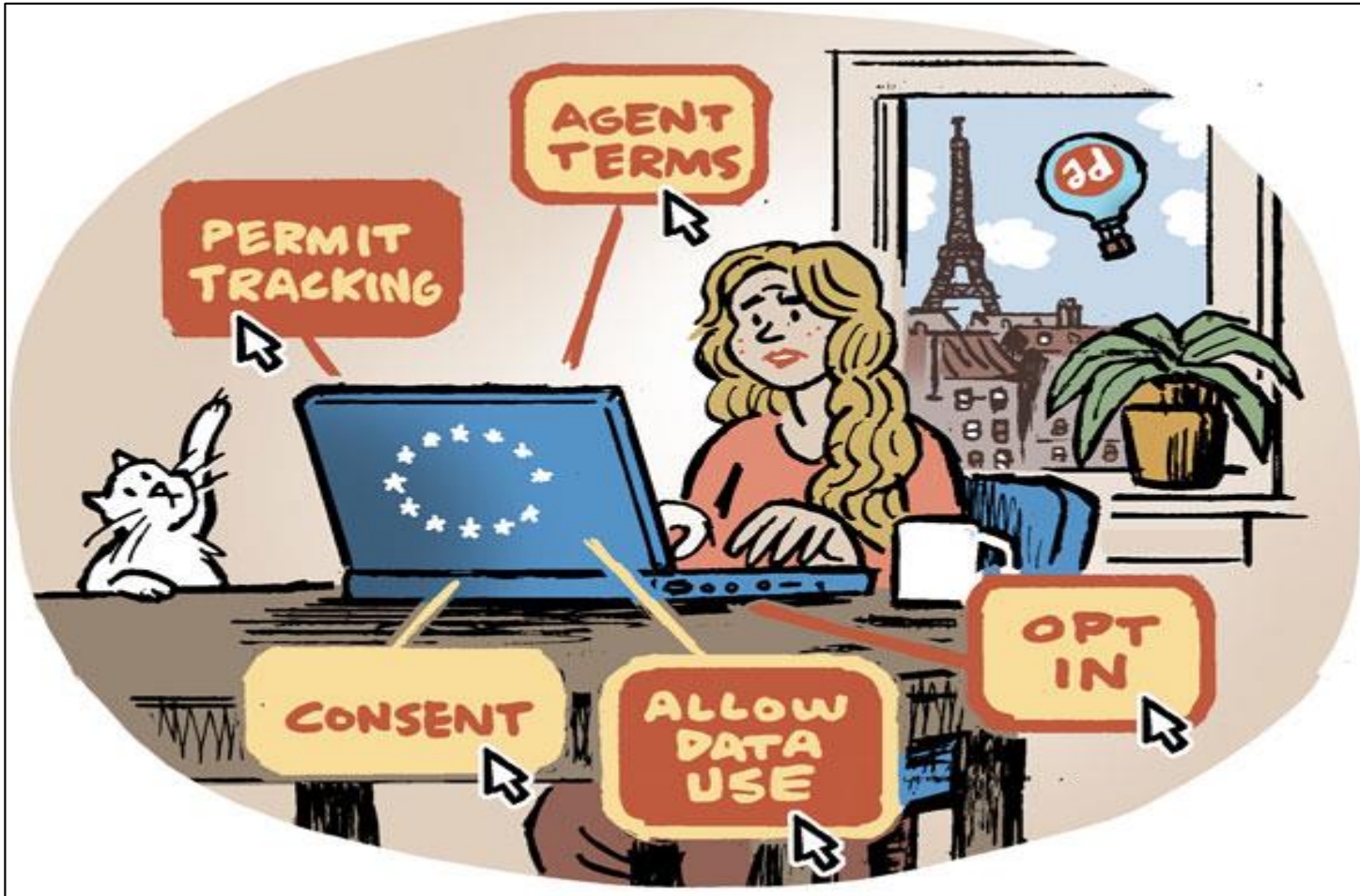
# Cross border purchases



International traders may either not adequately consider compliance with local laws or conclude that:

- profits from local sales are insufficient to make a business for incurring the compliance cost
- local authorities are unable to enforce national laws on cross border transactions

# Cross border purchases



- consumers do not care about compliance
- current international arrangements with respect to mutual recognition of laws, enforcement of foreign judgments etc. are insufficiently developed and robust to prompt conscientious compliance with consumer protection laws

# Online security



- Three broad types of security threats:
  - Denial of service;
  - Unauthorized access of information;
  - Theft or fraud of information or money

# Online security



- Consumers' concerns about online security with respect to payments data protection and privacy
- Most frequently security breaches result from unintended downloading and installation of malware

# Online security



E-Commerce are also vulnerable to unauthorized offline access to consumers' information and theft or fraud by:

- A person watching consumer type in passwords or be reading written down passwords

# Online security



E-Commerce are also vulnerable to unauthorized offline access to consumers' information and theft or fraud by:

- Business employees misusing access and knowledge of consumer information such as credit card numbers and passwords

# Malware



- a malicious software that damages or disrupts the functionality of computer technologies like:
  - VIRUSES,
  - WORMS,
  - TROJANS.

# Malware



How to reduce risk of having compromised (*infected*) system and damage (*financial and convenience*):

- Keep operating systems (OS) and applications (apps) up-to-date.
- Install applications and updates from the trusted sites.

# Malware



How to reduce risk of having compromised (*infected*) system and damage (*financial and convenience*):

- Download only from the original vendors site.
- Use the security features imbedded in the installed OS.
- Install and routinely run anti- malware applications.

# Malware

## Backup Hardware

- External Hard Drive
  - USB – Firewire – WiFi - SATA
- Internal Hard Drive
  - First line only
- Flash Drive
- Zip Drive
- CD/DVD burners

How to reduce risk of having compromised (*infected*) system and damage (*financial and convenience*):

- Maintain a regular backup routine of OS, apps, and data.
- Reinstall the OS, apps and data files when compromised.

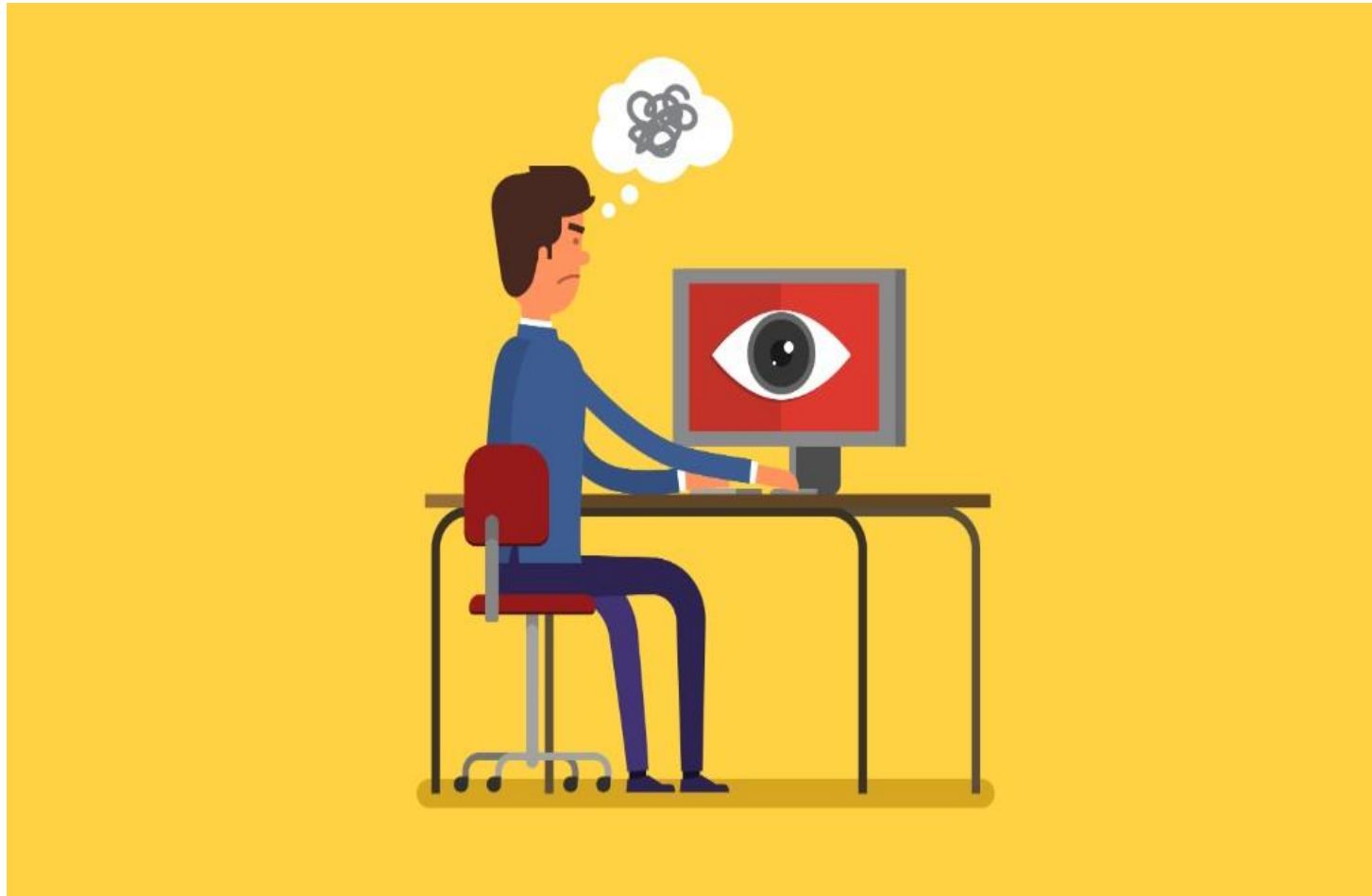
# Malware



How to reduce risk of having compromised (*infected*) system and damage (*financial and convenience*):

- Be aware of the warning signs indicating that an email or website presents a higher risk of malware, and take appropriate actions.

# Data protection and privacy



- Used by the trader to whom they gave the information for unknown, unexpected or unwanted purposes
- Obtained by third parties, without the informed consent of the consumers, and then used for unknown, unexpected or unwanted purposes.

# Data protection and privacy



- Traders and intermediaries collect information for a variety of purposes:
  - identification of the consumer security of payment or delivery
  - market intelligence
  - building a marketable asset for sale or hire

# Data protection and privacy



Intermediaries already have significant information about cardholders:

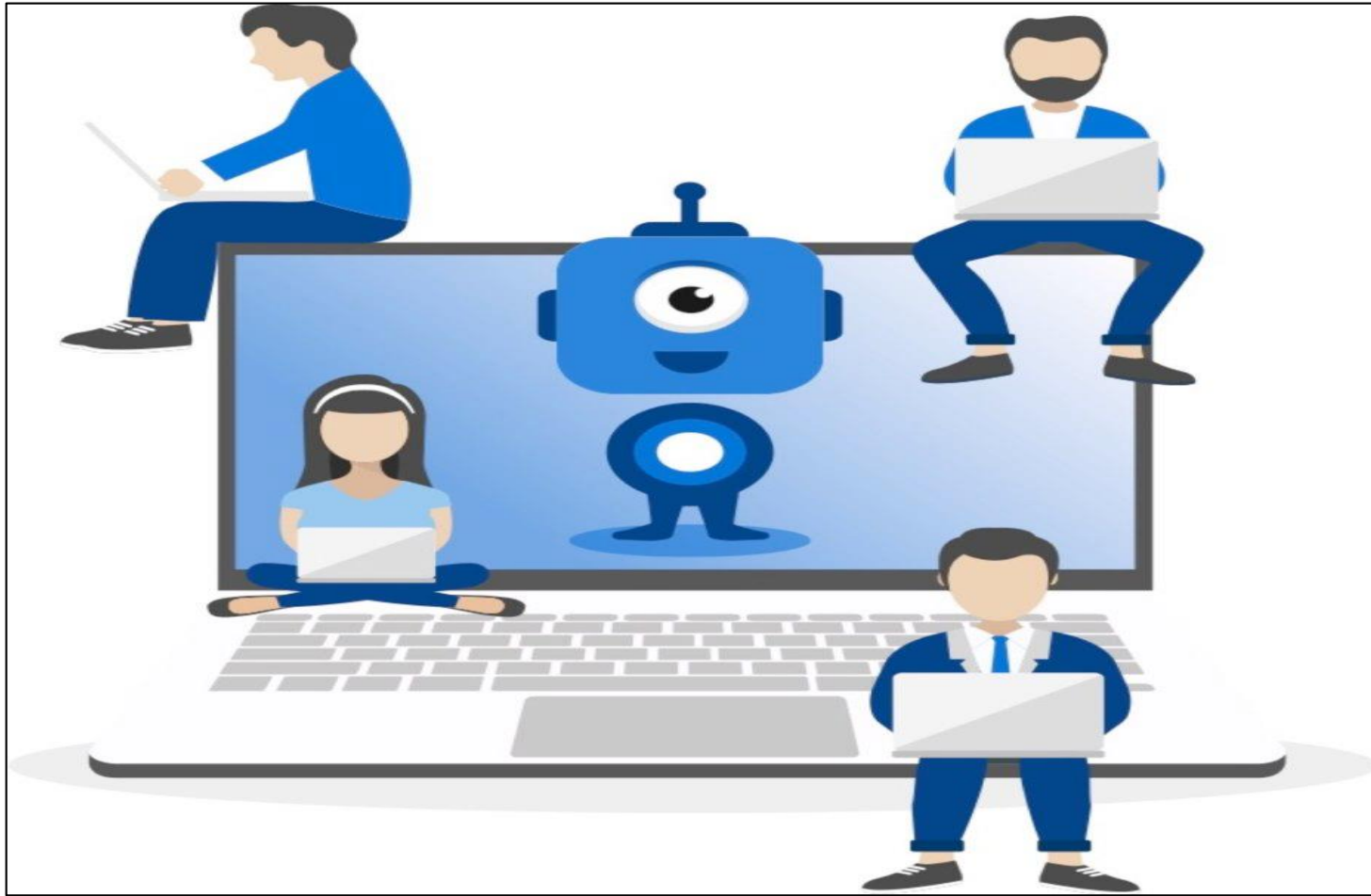
- Name and address
- Account number and passwords Gender and age,
- Contact details including tel# and email addresses,
- Income and assets,
- Employer,
- Other cards

# Advantages of personal data collection



- Better targeted offers of additional goods and services
- Better targeting of offers to match consumers' needs, wants and preferences
- Easier fraud detection
- Reduces traders operating risks

# How can data be protected and privacy managed?



- Consumer education
- Trader education

# Privacy and data management protection

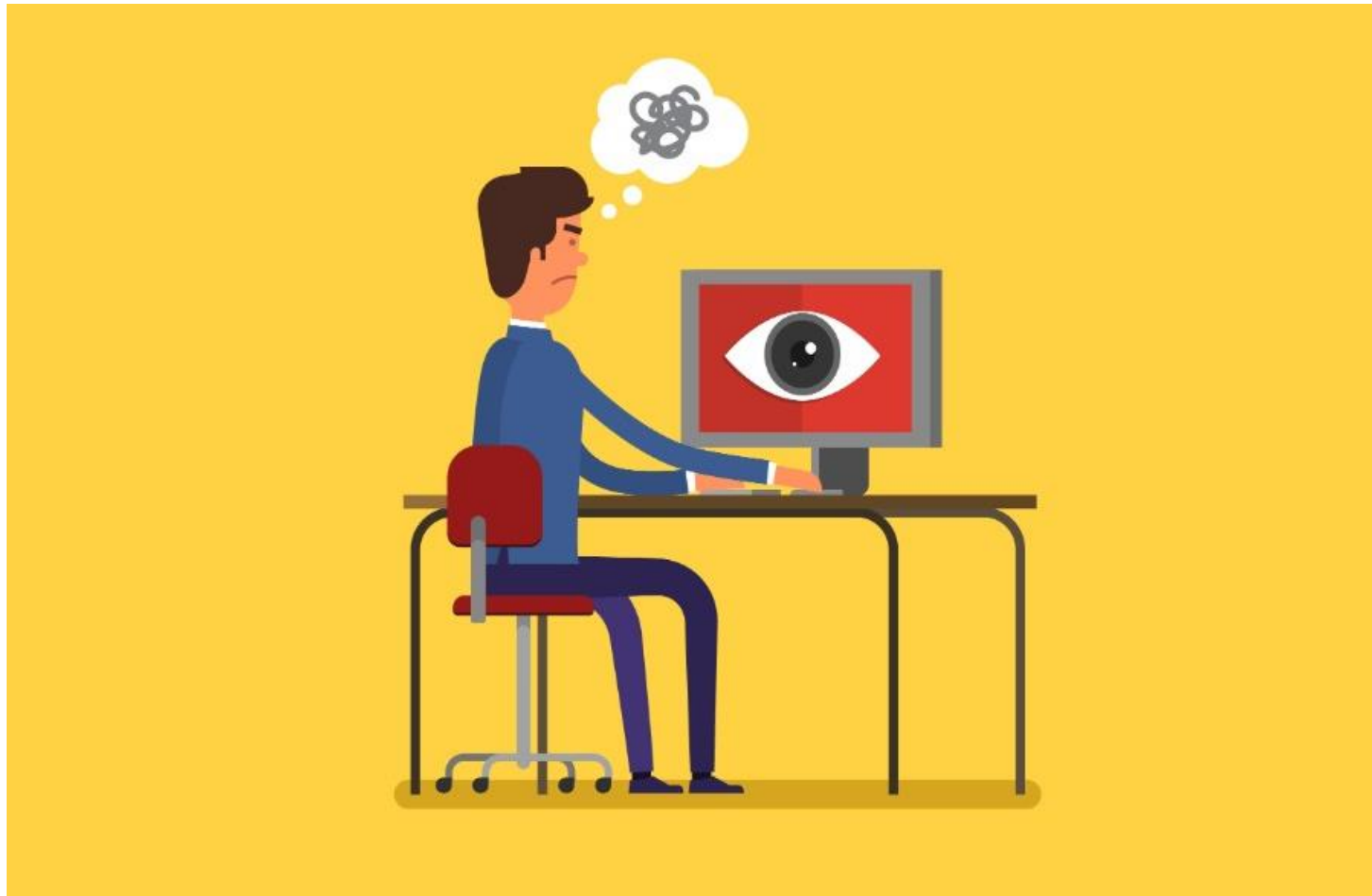
UK's Data Protection Act's 8 Principles. Personal data shall be:

- processed fairly and lawfully
- obtained only for one or more specified and lawful purposes
- adequate, relevant and not excessive
- accurate and kept up to date.
- if processed for any purpose or purposes shall not be kept for longer than is necessary for that purpose or those purposes.
- processed in accordance with the rights of data subjects under this Act. The list rights address:
  - subject access request
  - damage or distress
  - prevention of direct marketing
  - automated decision taking
  - correcting inaccurate personal data
  - compensation

# Status of ASEAN data protection legislation

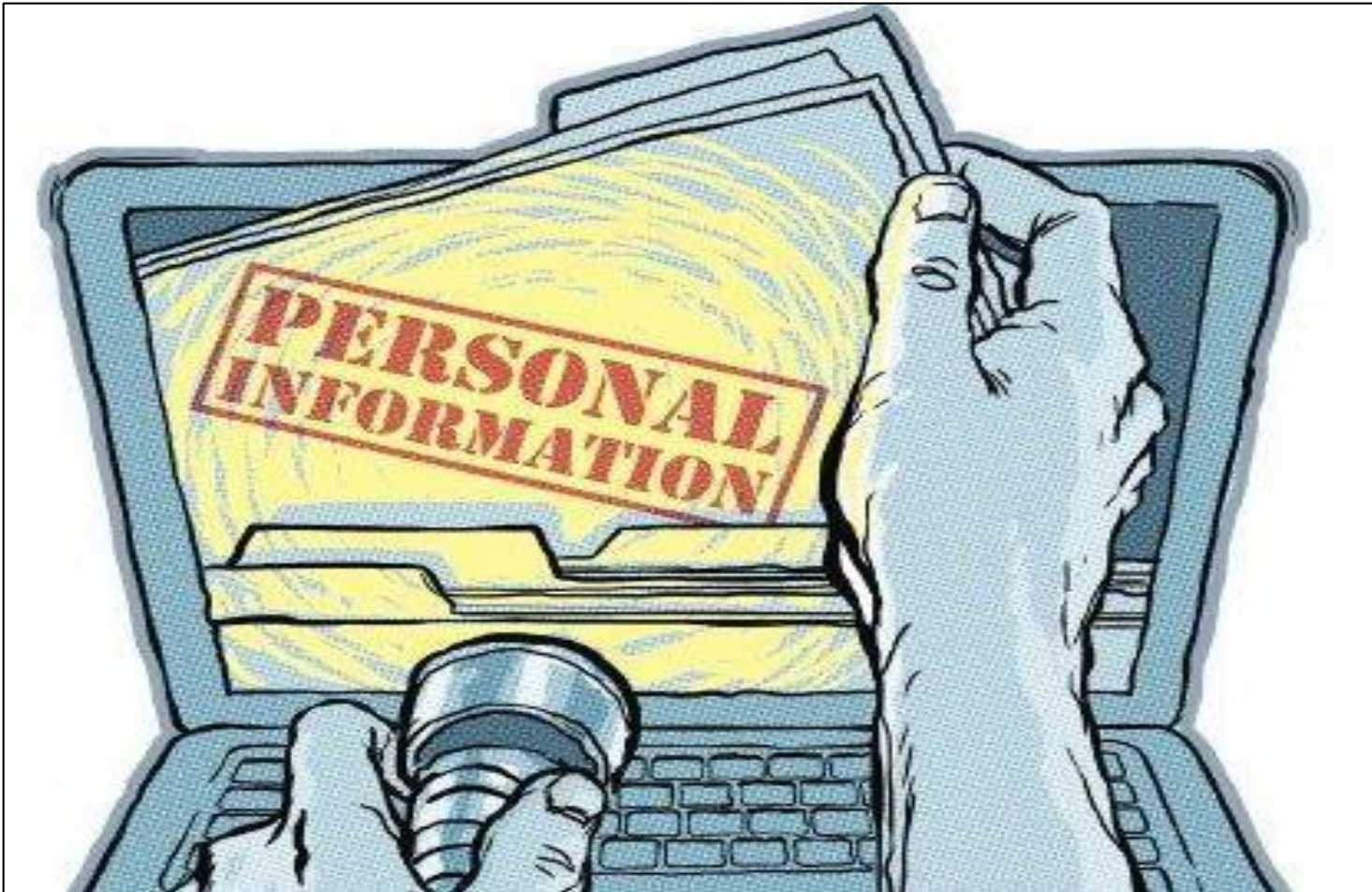
Member Country	Privacy
Brunei Darussalam	None
Cambodia	None
Indonesia	Partial
Lao People's Democratic Republic	None
Malaysia	Enacted
Myanmar	None
Philippines	Enacted
Singapore	Enacted
Thailand	Partial
Viet Nam	Partial

# Data Protection Act: Examples



- Malaysia started to pass privacy legislation in 2012.
- Indonesia and Vietnam have partial privacy legislation (contained in the omnibus e-commerce laws)
- Thailand is in discussion in drafting the general data protection legislations

# Data Protection Act: Examples



- Philippines: Republic Act No. 10173 (Data Privacy Act (DPA)) passed in 2012. Assures “free flow of information to promote innovation and growth” while protecting the users of rights to privacy.

# Secure payment



Online payment risks faced by consumers:

- their information will be accessible to multiple parties, many unknown to them
- their information, once accessed, can be easily copied and distributed.

# Secure payment



Basic steps in a secure e-Commerce transaction:

1. Verification of the merchant
2. Review of order information
3. Verification of the customer
4. Review of payment information
5. Confirmation of order
6. Authorization or denial of payment

# Secure payment



## Payment Systems

- Credit cards
- Bank accounts
- Online buying
- E-Bill payment
- Electronic cash

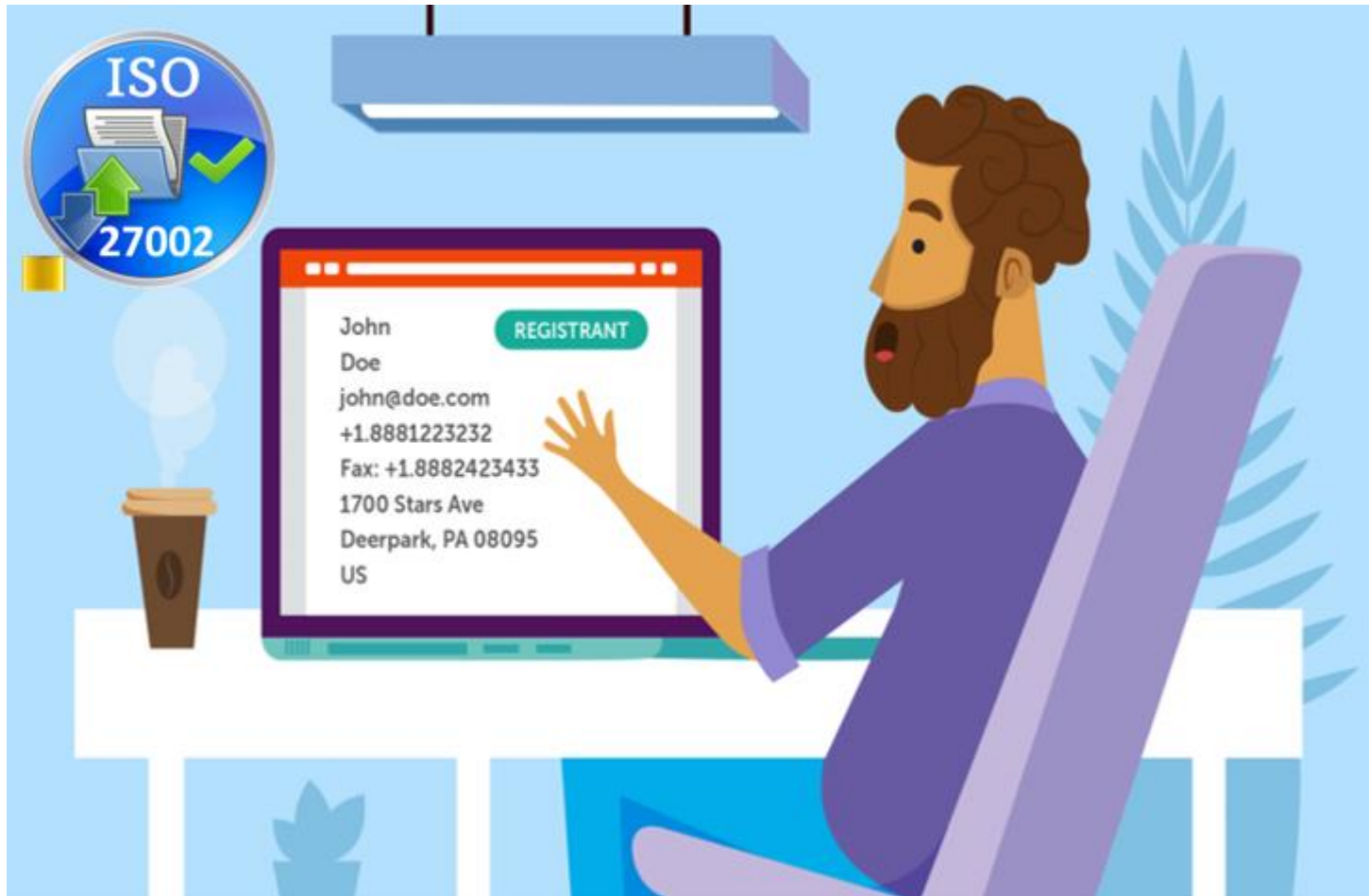
# Secure payment



## Security tools

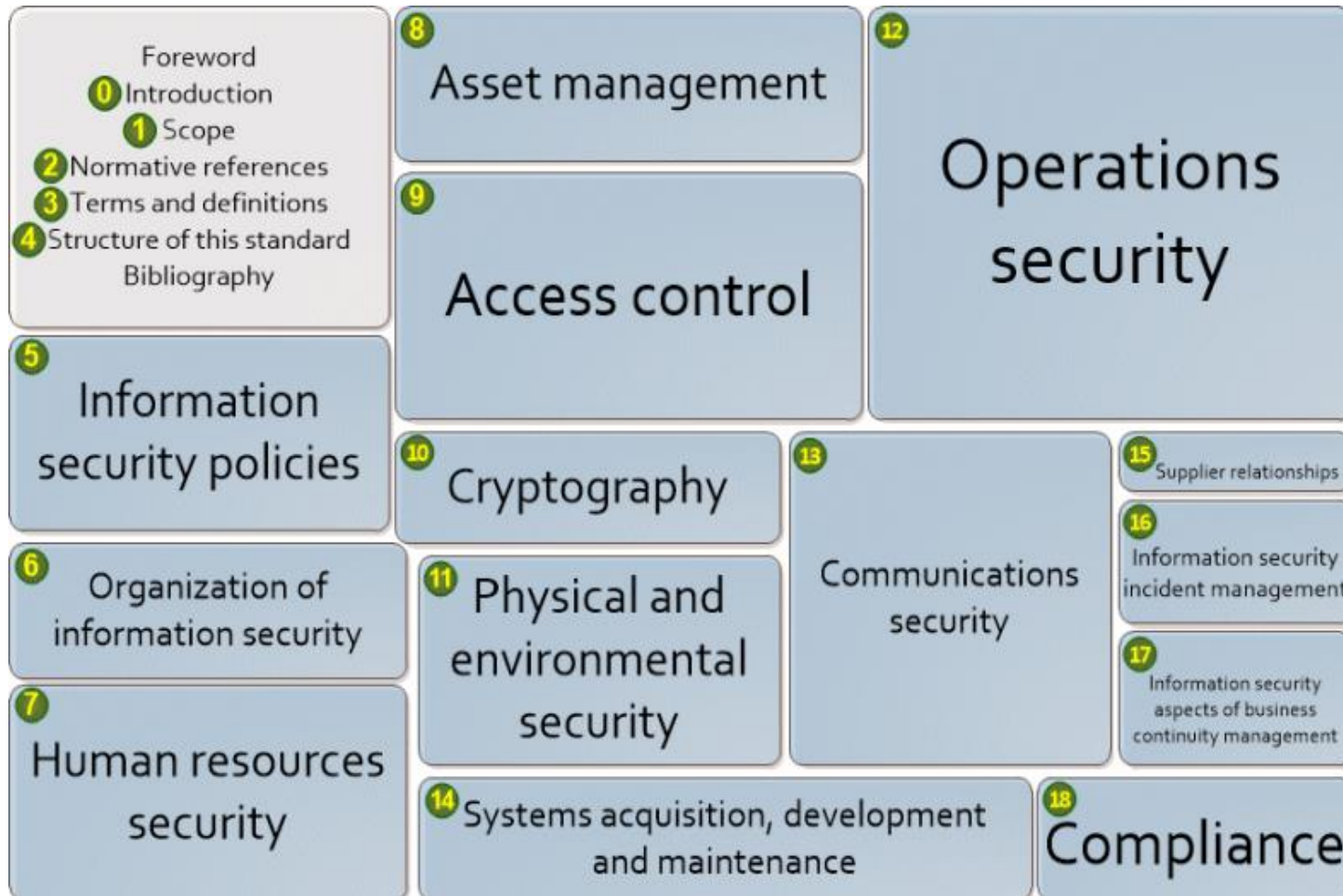
- Firewalls
- Public key infrastructure
- Biometrics
- Passwords
- Locks and bars

# Information Security Management Systems



- ASEAN traders to adopt an internationally recognized information security management system (ISMS) like ISO 27002.

# Information Security Management Systems



- In the Philippines, use of the ISO/IEC 27002 control set as the minimum standard
  - to protect privacy of personal information.
  - to secure its internal operations and e-Commerce transactions.

# Information Security Management Systems



- ISO 2702 provides hundreds of potential controls and control mechanisms that intends to address issues during formal risk assessment.
- It also provides a guide for development of security standards and effective security management practices.

# Session assessment



- How do most common scams work and why they continue to claim victims?
- What consumer threats do scams pose and how can they be addressed?



# **Phones, Internet Services, and e-Commerce Session 3 – Pre-Market Intervention / Protection**

# Session topics / Outline

- the market conditions under which consumers use phones, the internet, and e-commerce;
- consumer behavioral features and characteristics that drive consumer use of these technologies;
- the rationale, limits, and scope of public interventions; and
- the significance of technology-neutral and technology-specific regulations

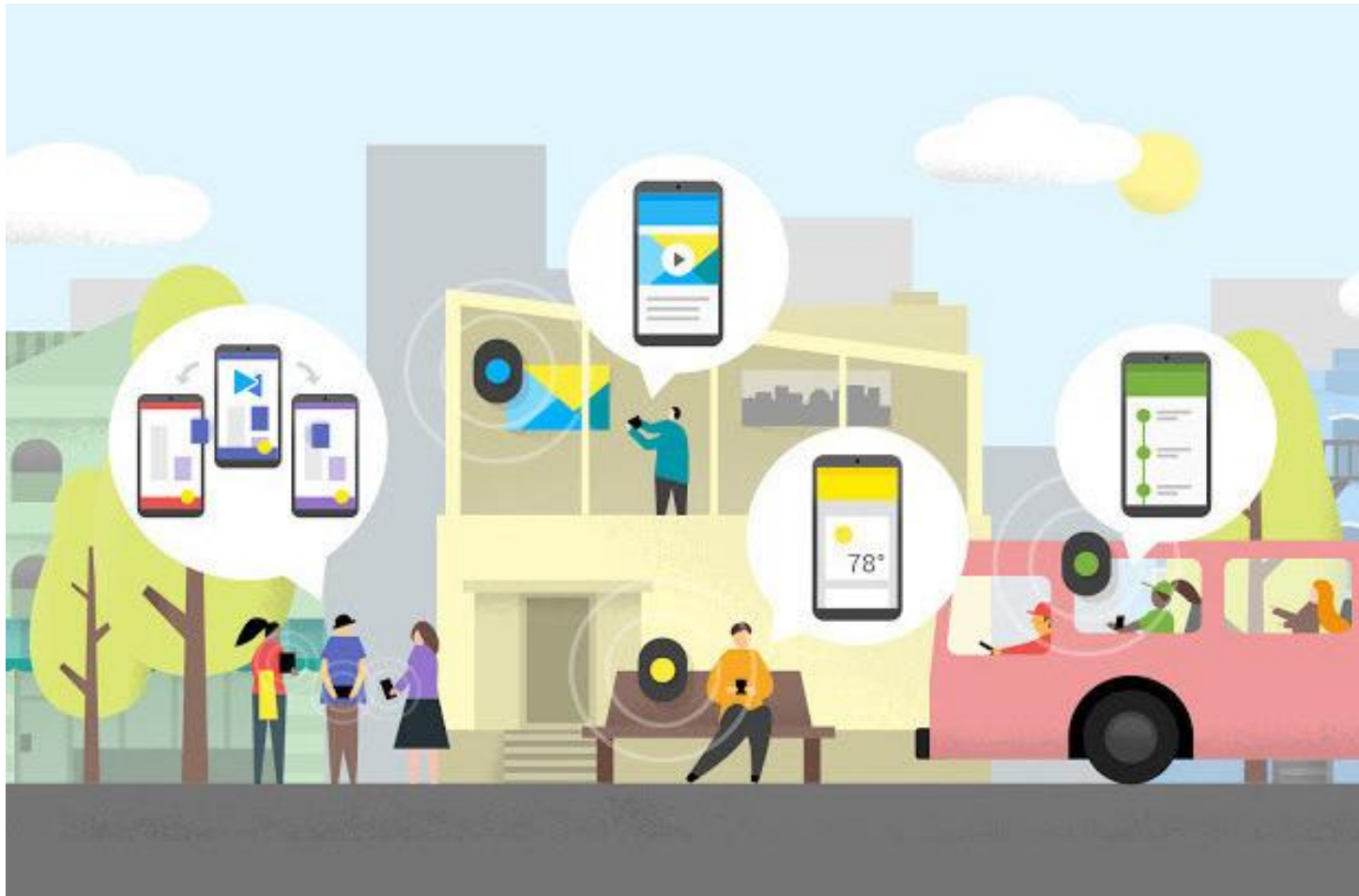
# Market conditions



Phone, Internet services and e-Commerce are

- usually defined by their respective technologies and may be grouped together under the umbrella of 'telecommunications' all driven by technological innovation.

# Market conditions



Phone, Internet services and e-Commerce are

- convincing technical innovations are providing increasing number of consumers with access, cheaper prices, and increased utility

# Market conditions



- All three forms of telecommunication offer significant economies of scale and scope and reduce the distance between consumers and traders.

# Market conditions



- Consumer access to and costs of using these technologies varies significantly in the use of technology among the AMS
- Government regulates who can provide telecommunication services and under what conditions

# Market conditions



- State owned enterprise (SOEs) are major providers of telecommunications and internet related services (e.g. ISPs) such as Singapore and Brunei.

# Market conditions



Direct consumer impact of government policy through regulation

- services provided
- content to be accessed
- performance
- service terms including price
- consumer problem resolution process

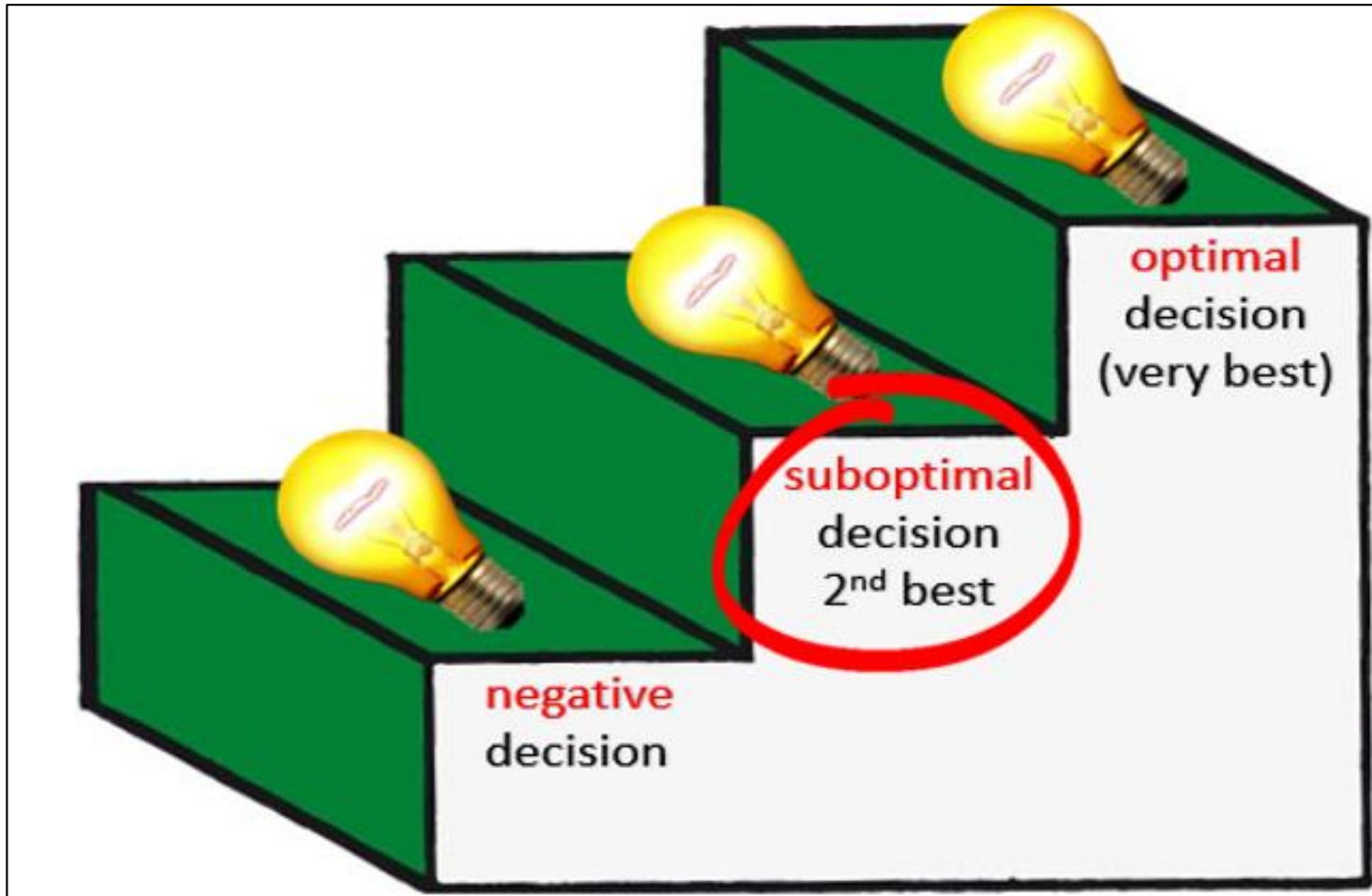
# Market conditions



Direct consumer impact of government policy and regulations:

- affect existence and intensity of competition between service providers
- cross border market transactions using technologies can improve consumer experiences

# Consumer behavioral features



- Individual consumers make economically suboptimal decisions when non-economic objectives are more important on non-economic objectives.

# Consumer behavioral features



- Consumers use a variety of strategies to prioritize their needs and wants.

# Consumer behavioral features



- If telecommunication is used to buy goods, consumers will not see the physical conditions of the goods, how the shop looks like, and the behavior of the seller.
- Consumers become carefree if they are not aware of risk of buying online.

# Consumer behavioral features



- Consumers will keep on using brick and mortar (traditional) way of shopping if they do not trust the use of technologies to buy
- Teenagers and educated adults are generally more knowledgeable on the use of technologies
- Children are using the internet unsupervised by adults (this is usage divide)

# Implications of consumer behavior



- Numerous problems are experienced by many consumers in different degrees of difficulty
- Resolution of consumer problems may vary between groups
- Need for continuous & evolving consumer education

# Consumer protection agencies' response to consumer problems



By way of:

- Consumer and trader education
- trader compliance programs
- industry code of conduct
- dispute resolution mechanisms
- well-managed investigations
- sanctions and remedies
- inter-agency cooperation

# The rationale, limitation, and scope of pre-market intervention



- In economic theory, market forces will maximize aggregate consumer welfare, but only if there are few significant obstacles to competition

# Pre-market interventions



- General consumer protection laws and regulations.
- Specific government policies and regulations:
  - Government policy directing at improving competitiveness in the sector.

# Pre-market interventions



- Specific government policies and regulations:
  - Policy to prevent misleading advertisements (internet and e-Commerce).
  - Prescribing a set or maximum price for a particular product or service (telecommunications).
  - Industry Code of Conduct.

# Pre-market intervention



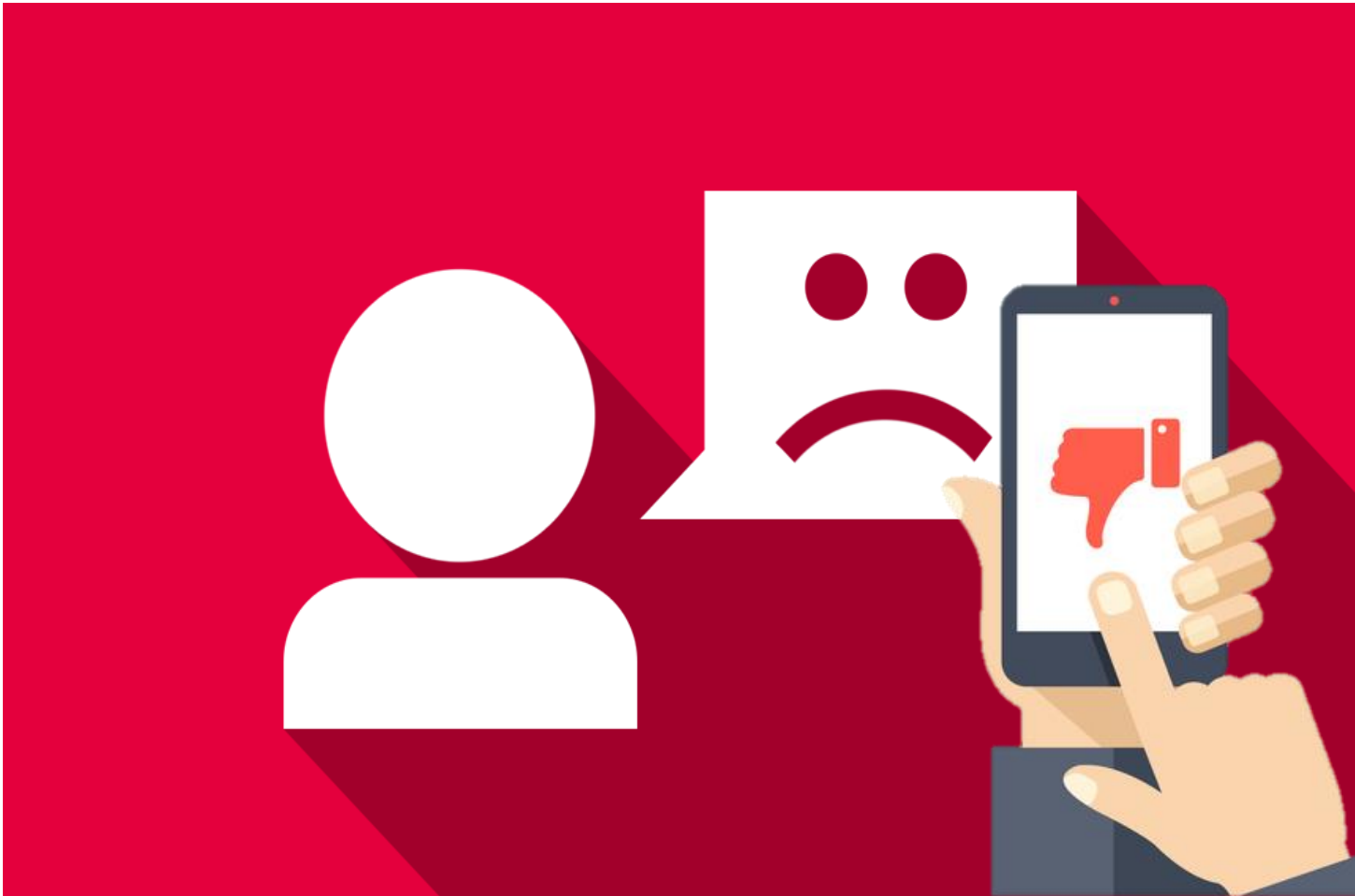
- E-commerce legislation (IT and e-commerce Law)
- Legislated monopolies (telecommunications)
- Interventions that facilitate more informed choice by consumer or business

# Pre-market intervention



- Other market influencing strategies to improve consumer experience
- E-commerce legislation harmonization in ASEAN 2013.

# Pre-market intervention



These market forces include:

- consumers looking out for themselves
- businesses maximizing their profits
- traders experiencing social pressure to treat consumer fairly
- active media and consumer organization exposing consumer problems

# Pre-market intervention



- private enforcement of rights under consumer protection laws
- more effective investigations are facilitated by these same technologies

# Pre-market intervention



- There is the need for public intervention because consumer will suffer harm during an adjustment period

# Pre-market intervention



- Public intervention is needed because market equilibrium causes long-term harm to consumers
  - Laws of goods and services are not obvious to consumers when they buy
  - Consumers often put higher value short-term benefits

# Pre-market intervention



- Public intervention is needed because market equilibrium causes long-term harm to consumers
  - The buyers of the goods or services are not the ultimate consumer

# Pre-market intervention



- People with very low income have no practical choice but buy cheapest goods
- Stakeholders have goals in addition to simply maximizing aggregate welfare. These goals are:
  - fair income distribution
  - eradicating poverty
  - regional development

# Challenges for the market

## ineffectiveness of the forces of competition



- Ineffective or non-existent consumer association
- Poor access to independent information sources exists.
- Ad hoc or non-sustained imports equal to trade deficit or trade imbalance

# Challenges for the market

## ineffectiveness of the forces of competition



- Individual businesses that misuse their significant power
- Anticompetitive arrangements between businesses in a market
- There are intended consequences of government intervention
- Structural characteristics of certain markets

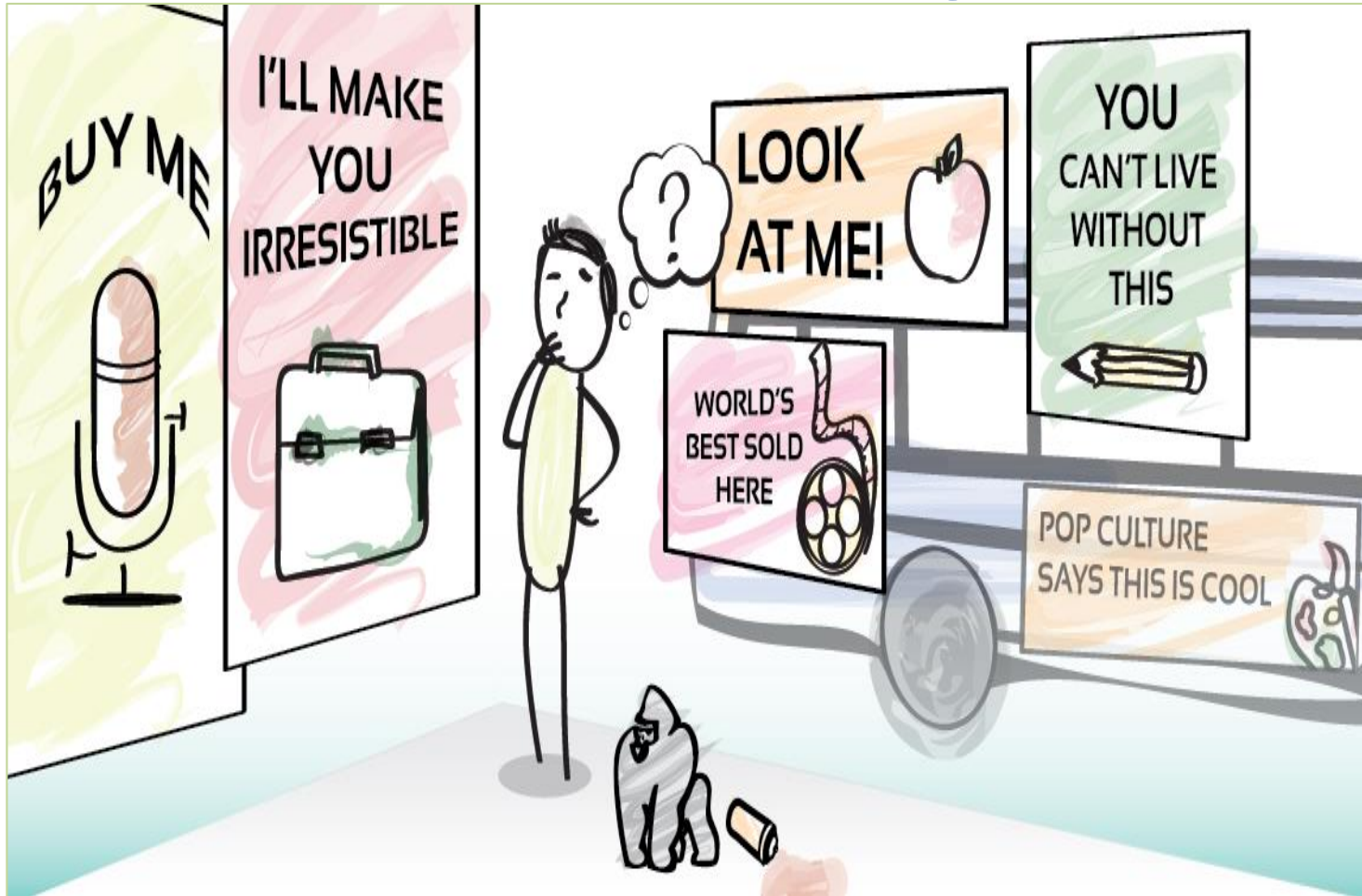
# Challenges for the market

## ineffectiveness of the forces of competition



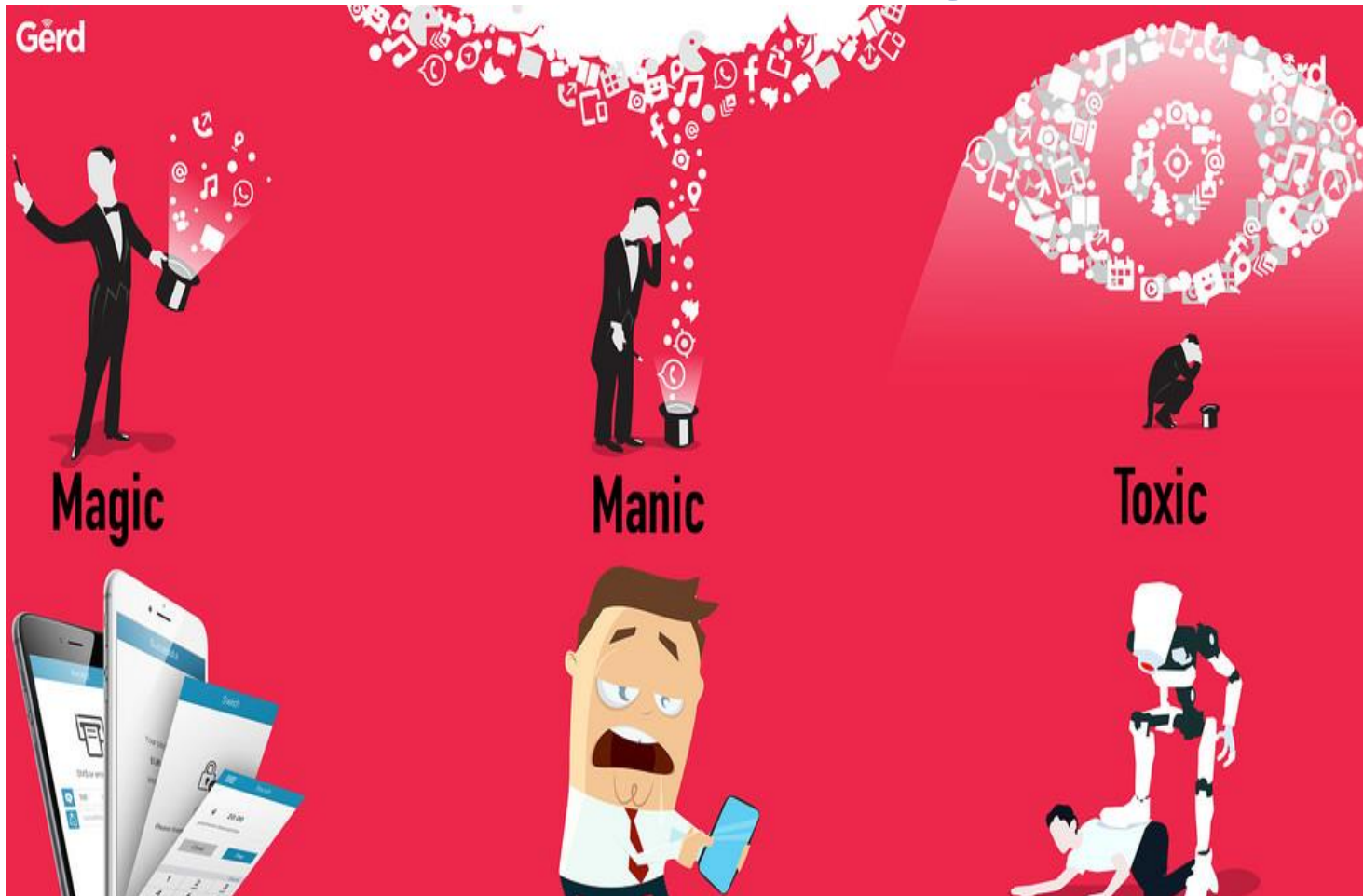
- Dynamic market forces
- Dynamic markets are those that are subject to rapid or continuous change
- What is effective & efficient today may not be tomorrow
- The effect of an intervention requires a thorough understanding of the market dynamics

# The significance of technology neutral and technology specific regulations



- Most consumer protection laws are technology-neutral (i.e. they generally apply to matters affecting consumers regardless of how the transactions take place (i.e. on-line or brick-and-mortar)).

# The significance of technology neutral and technology specific regulations



- Example: prohibitions on misleading advertising that applies to all forms of advertising like road signs and popup ads in websites
- This general application happens by default when the law is generalized and does not refer to specific technologies.

# Technology neutral regulations



## Advantages:

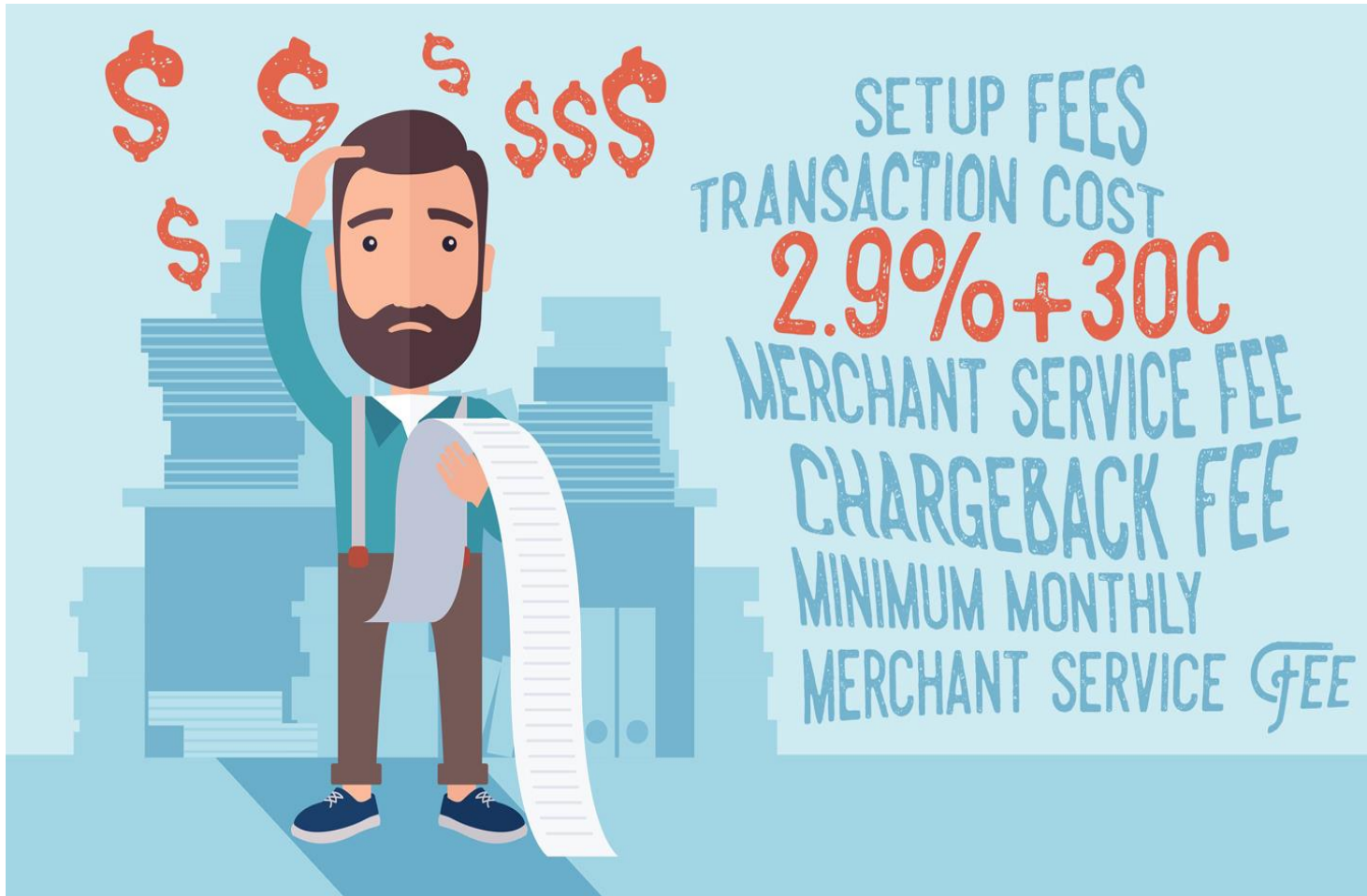
- No need to amend to maintain consumer protection
- They do not have an anti-competitive effects

# Technology specific regulations



- Some consumer protection laws may be technology specific
- Not all consumer protection issues are neatly labelled
- Enforcement is often not the responsibility of a designated consumer protection authority

# Technology specific regulations



- ASEAN 2013 agreed that consumer protection is important in e-Commerce legislation
- Other elements of providing consumer protection must also have broad uniform application

# Session assessment



- What are the three most important learnings you have gained as a result of this Session.
- How can you use these learnings in your work in consumer protection?



# **Phones, Internet Services, and e-Commerce Session 4 – Post-Market Intervention / Protection**

# Session topics / Outline

- Post-market (post sales) issues on:
  - Phones
  - The internet
  - E-commerce
- Some implications for consumer and government/public interventions
- Regulatory responsibility (ASEAN and worldwide jurisdictions)
- Benefits of inter-agency cooperation (ASEAN and international) enforcement, collaboration, and cross-border sharing of market intelligence

# Post-market (post-sales) intervention



- complexity of regulation wherein every jurisdiction multiple agency is involved;

# Post-market (post-sales) intervention



- the imperative of inter-agency cooperation (in terms of providing consumer protection: post-sales misrepresentations, unfair pricing/competition; market intelligence, field investigations, information sharing, and enforcement of contracts and warrants)

# Implications for consumer and public interventions in post-market environment



Some observations about the technologies, performance, and compliance in phones:

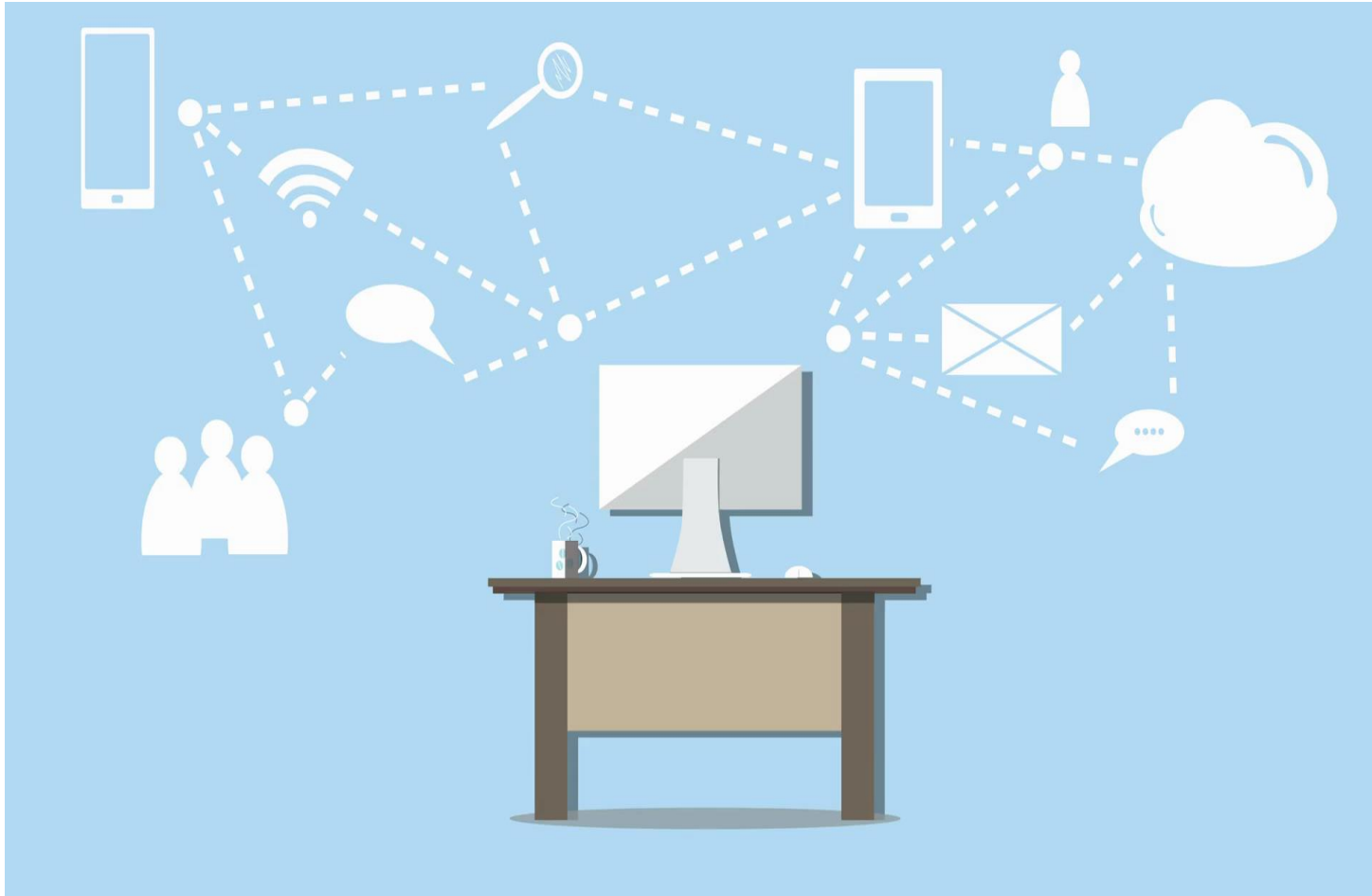
- have brought increased benefits & costs to consumers
- mobile phone concerns / issues:
  - Technical issues (access, performance, inoperability, and billing)

# Implications for consumer and public interventions in post-market environment



- mobile phone concerns / issues:
  - high, surprises (contracts difficult to understand inadequate warnings / parameters, unaware of costs of certain types of calls)
  - Usage issues (hoax calls, scams, unsolicited sales presentations, and charities)

# The Internet



Some of the uses:

- Keeping in touch with friends and family
- Finding information on almost any topic
- Searching for jobs
- Using internet to work from home
- Online shopping

# The Internet



Some of the uses:

- Banking
- Planning holidays
- Finding government information & services

# The Internet



It is not known which ASEAN countries have law regulating the following:

- Spam
- Malware – harms caused:
  - Stealing of financial & other personal information
  - Preventing a consumer from using their computer
  - Damaging files
  - Hijacking a computer

# Internet problems



- Educating consumers about the harms caused
- Encouraging ISP & creators of operating systems to improve security of their products & services
- Consumer protection issues awareness
- Consumer handling
- Investigations skills
- Consumer education programs

# e-Commerce



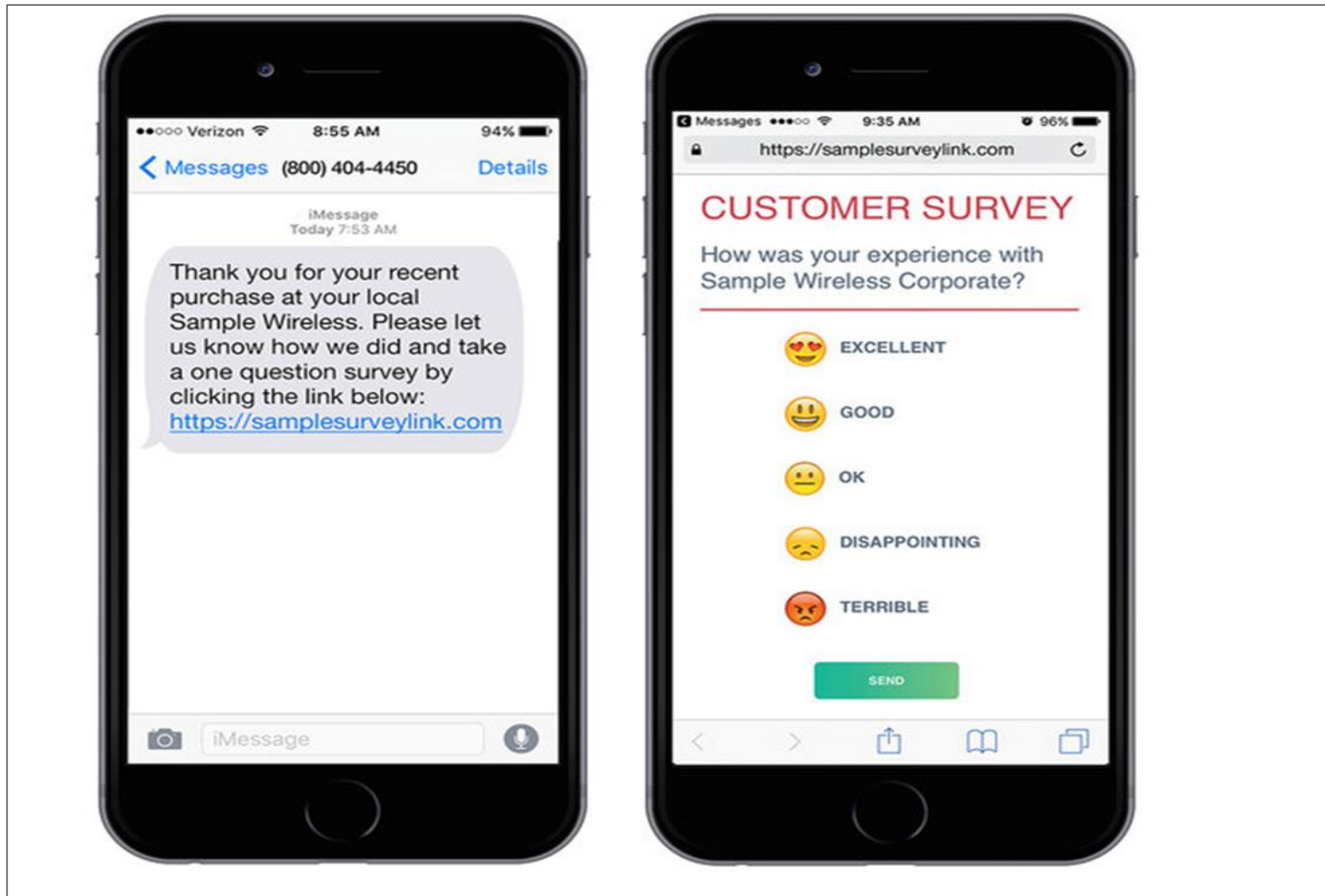
- Consumers do pre-purchase research
  - before buying
  - visit websites to compare prices and products

# e-Commerce



- When consumers decides to buy:
  - They complete an order form
  - They give their personal & financial information
  - Consumers are given information about the product & the trader

# e-Commerce



Post-sale communication

- is important
- is the source of information on consumer problems

# e-Commerce



- Existing consumer protection laws in ASEAN countries address many of the most common problems encountered.
- How well consumers can interact or negotiate with online traders

# e-Commerce



- Consumer rights on delayed delivery don't meet local/national standards or norms even if it is not misrepresented
- Access to timely, affordable justice when traders are not located within jurisdiction
- Remedies so consumer protection authorities can take effective action on online transactions.

# e-Commerce



Supply and Demand have significant implications:

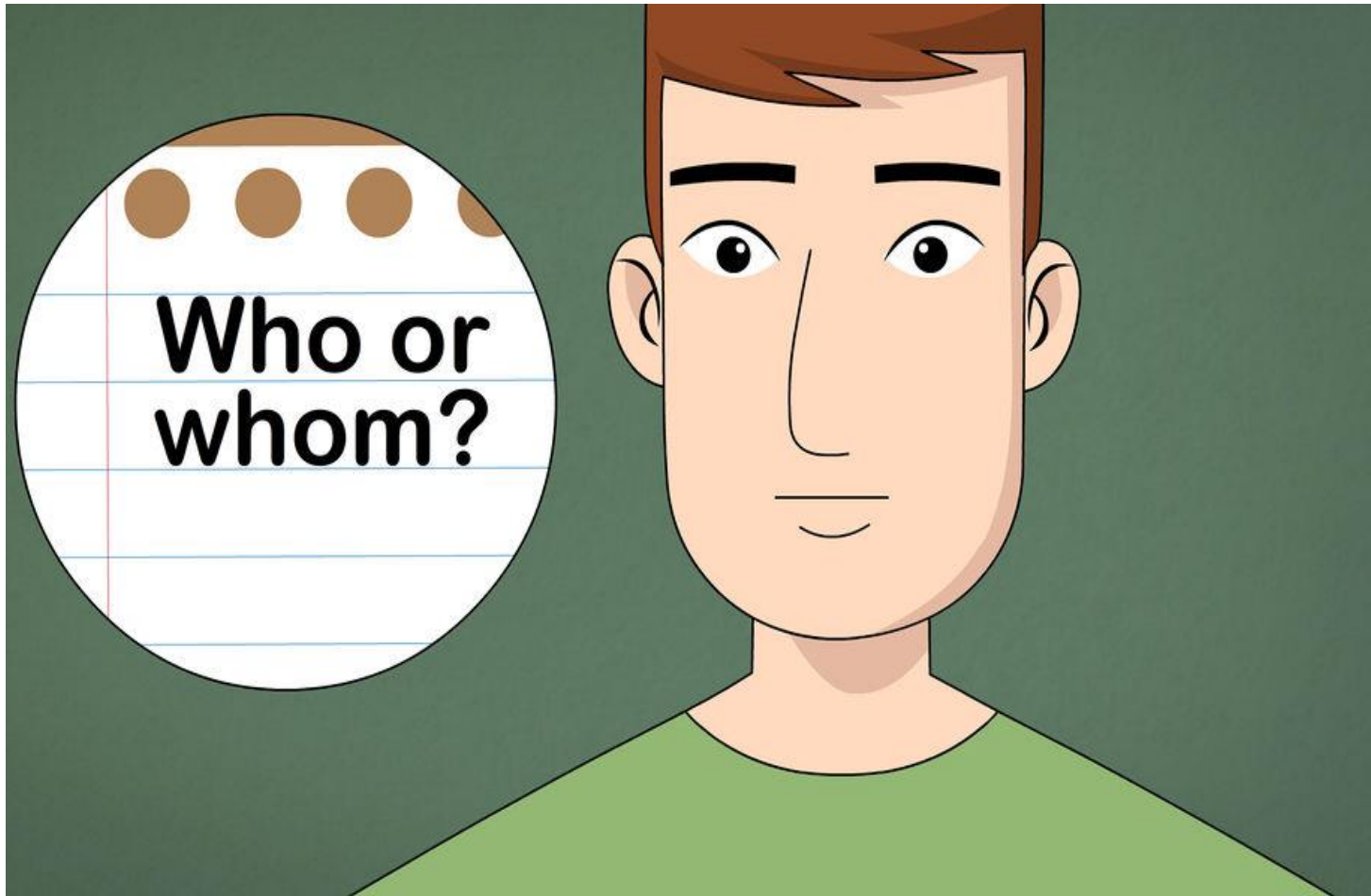
- technologies are rapidly evolving
- uncertainties about future usage
- avoiding new scams made possible, and old scams have been given new potency

# e-Commerce issues facing government



- Identification of current and emerging issues
- Designing and implementing interventions
- Minimizing the direct & indirect costs of public intervention

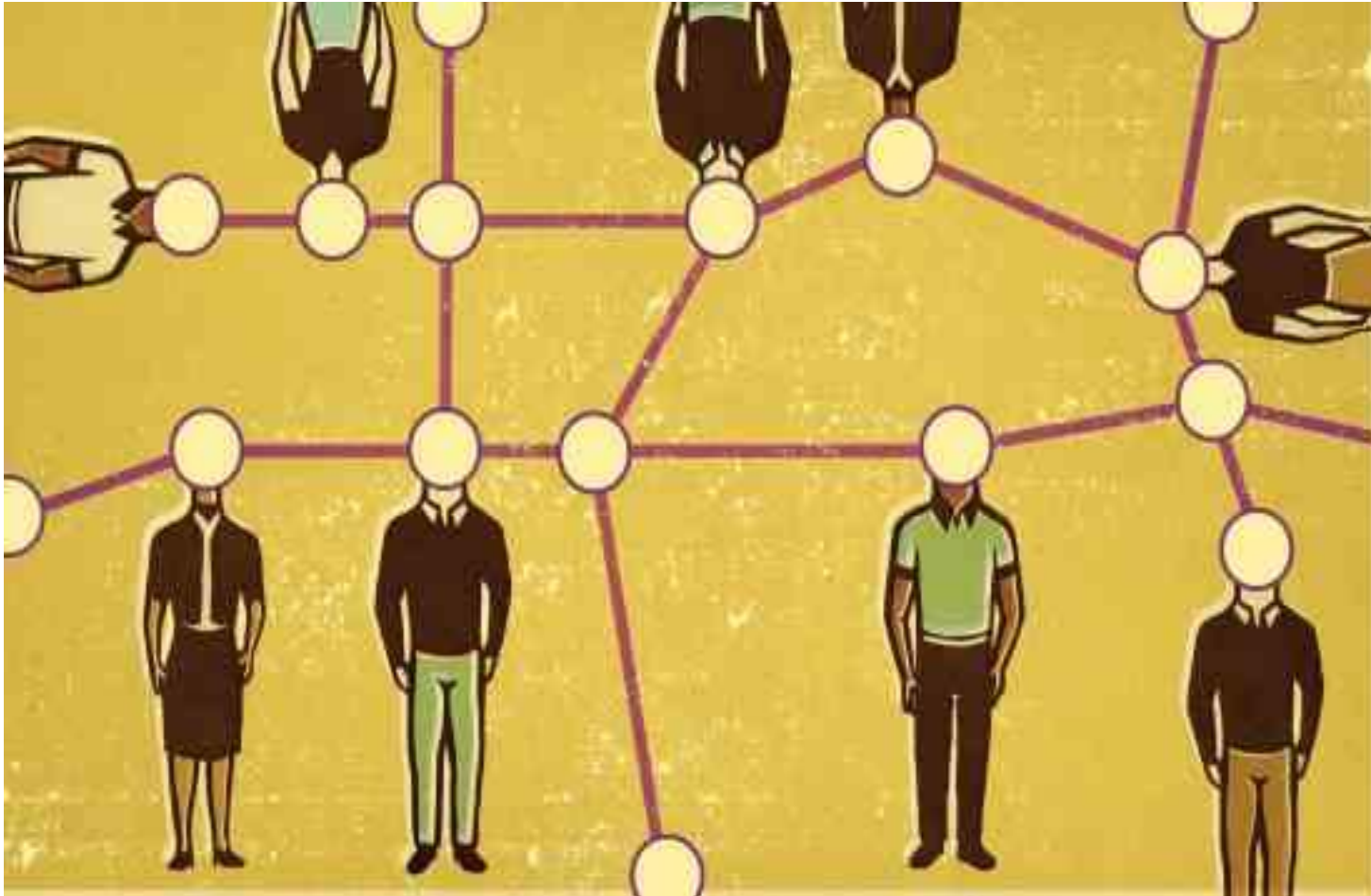
# Regulatory responsibility (ASEAN and cross-border jurisdiction)



Diffused regulatory responsibilities in each of the ASEAN countries may lead to consumers not reporting a problem because they are:

- unsure on how to categorize their problem
- unsure which authority is responsible
- not convinced that the appropriate authority will be able to remedy the problem

# Regulatory responsibility



Diffused regulatory responsibilities in each of the ASEAN countries will require a collaborative approach by multiple authorities. This is because

- most ASEAN member states have established international links in respect of consumer protection
- Philippines and Vietnam are members of the ICPEN

# Regulatory responsibility



There is a need for a collaborative approach by multiple authorities in ASEAN countries because:

- intelligence about the problem may be poor
- an authority may have insufficient powers to obtain necessary evidence

# Regulatory responsibility



There is a need for a collaborative approach by multiple authorities in ASEAN countries because:

- sanctions and remedies may require the exercise of powers by more than authority traders located outside jurisdiction

# Regulatory responsibility



There is a need for a collaborative institutional approach by multiple authorities in ASEAN countries because:

- cooperation between consumer protection authorities (CPA) across border & interagency cooperation within countries across borders may be required.

# Benefits of inter-agency cooperation



- Technologies are universal
  - Service providers operate in many countries
  - e-Commerce traders operate in many countries
- Problems encountered by consumers are similar across countries.

# Benefits of inter-agency cooperation



Areas of interagency cooperation:

- Sharing of market intelligence on complaints about the responses of traders
- Sharing of intelligence, education, and other resources

# Benefits of inter-agency cooperation



## Areas of interagency cooperation:

- Sharing experiences accelerates learning process, staff exchanges, and joint training
- Combining the data for a comprehensive picture of consumer experiences

# Session assessment



- What are the three most important learnings you have gained as a result of this Session?
- How can you use these learnings in your work in consumer protection?



# **Phones, Internet Services, and e-Commerce Session 5 – Redress Mechanisms**



# Session topics / Outline

- Redress Models with their corresponding approaches / techniques
- Management and communication tools of the Consumer Protection Agency

# Redress models and their corresponding approaches/techniques



Redress mechanisms are the different approaches to the citizens' rights to petition the government to address a particular grievance for services of professionals that result in injury and loss.

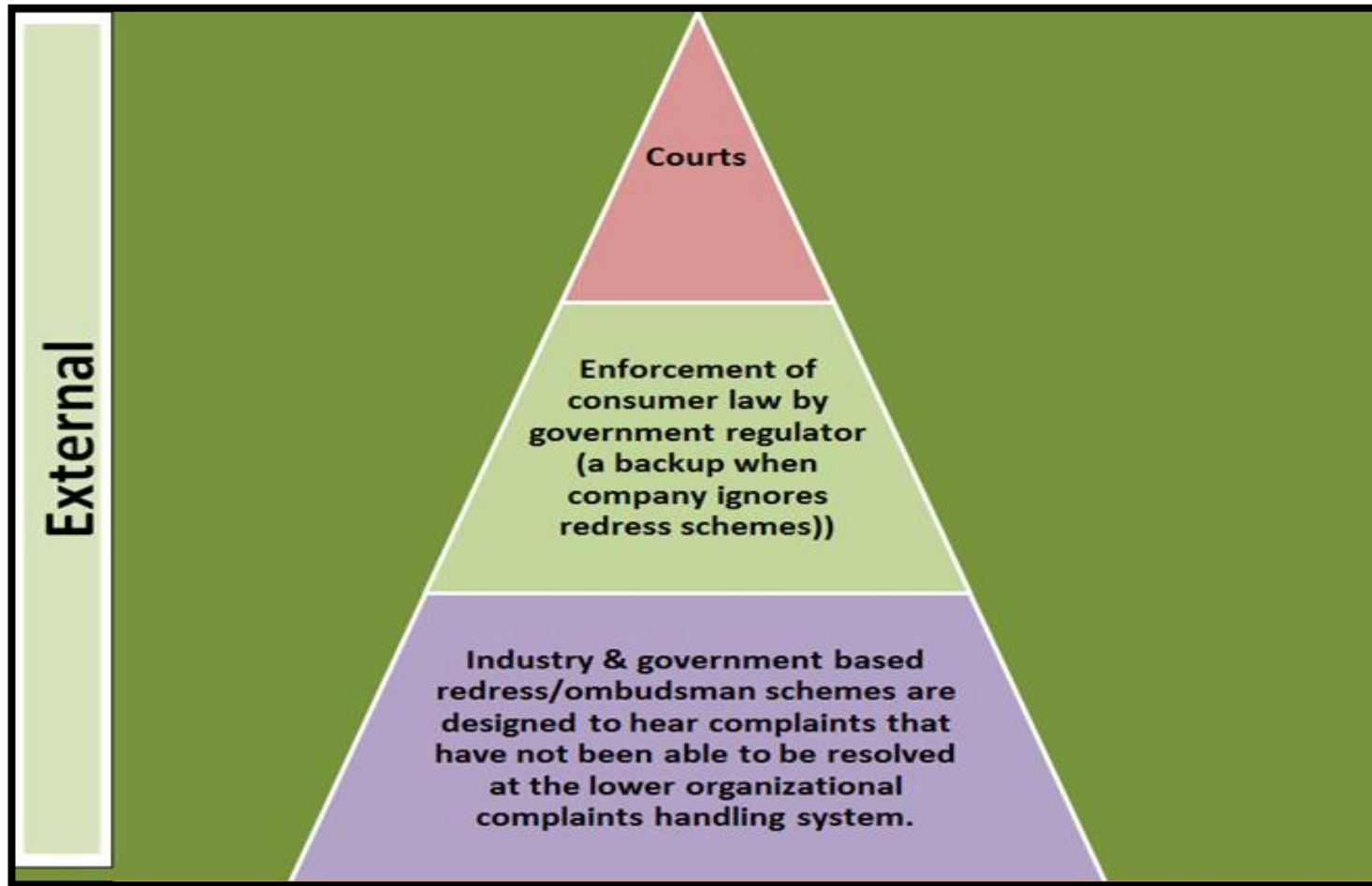
# Redress models and their corresponding approaches/techniques



## **Model 1: Internal complaint-handling system**

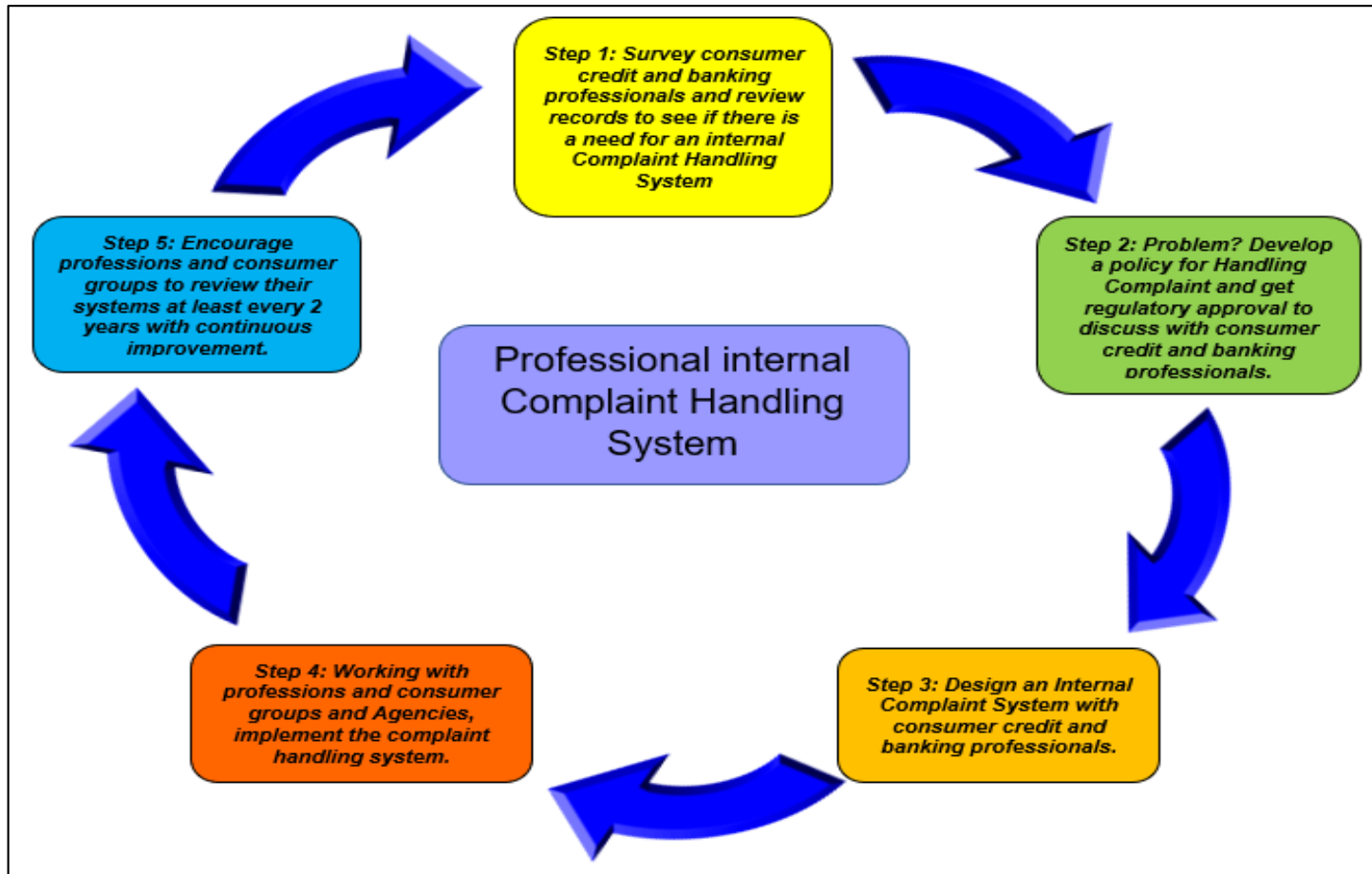
- Implemented by businesses and government agencies
- Embodies the principles and features of complaint handling
- Voluntary or required by law
- Appropriate for organizations of all sizes
- Guidance in implementation can be found in international Standard ISO 10002

# Complaint and redress pyramid



Internal complaint handling systems and external consumer redress schemes

# Redress models and their corresponding approaches/techniques



## Model 1: Internal complaint-handling system

Step 1: Survey if system is needed

Step 2: Develop policy for discussion

Step 3: Design system

Step 4: Implement system

Step 5: Review system every 2 years and improve continuously

# Redress models and their corresponding approaches/techniques



## **Model 2: Self-regulatory external redress schemes**

- Set up with little formality
- Usually used in the early stages of consumer policy and law implementation
- Tend to have relatively low standards of performance
- Are usually not enforceable, unless with contract

# Redress models and their corresponding approaches/techniques



## **Model 2: Self-regulatory external redress schemes**

- No stakeholder engagement particularly with consumers and governments
- Generally held in low regard by consumers and some governments
- Interim step in developing a consumer redress scheme

# Redress models and their corresponding approaches/techniques



## **Model 3: Statutory complaint bodies**

- Broad jurisdiction, usually cover most economic activities
- Some are established to deal with a specific industry or practice

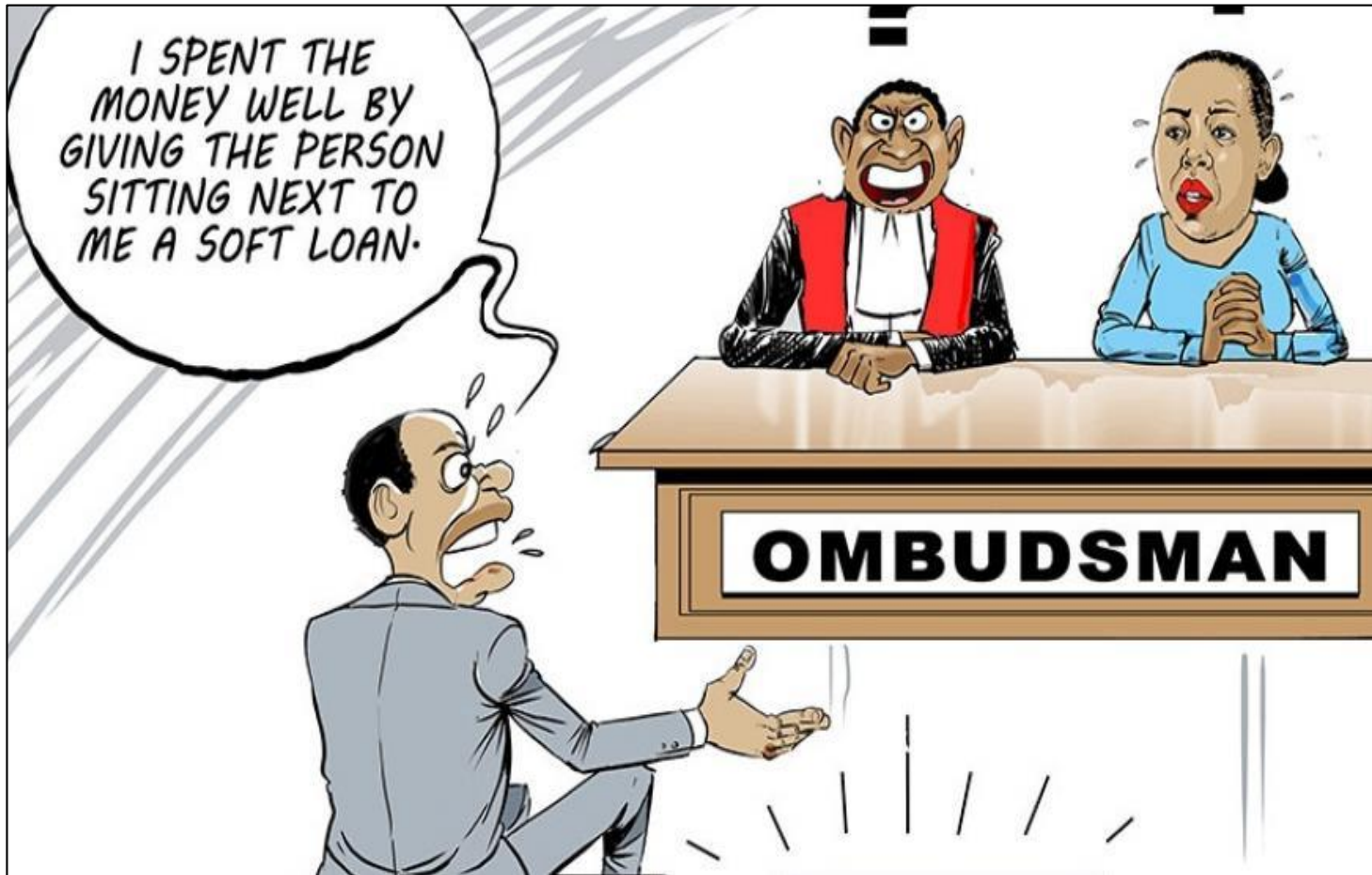
# Redress models and their corresponding approaches/techniques



## Model 3: Statutory complaint bodies

- Generally, part of a larger government agency responsible for policy and law enforcement
- May be linked to industry regulators and small claims courts

# Redress models and their corresponding approaches/techniques



## Model 4: Public-sector redress body (also known as Ombudsman)

- Involves contractors working in behalf of government but with no enforcement power
- May include anti-corruption and human rights functions
- Can deal with systemic issues of poor administration

# Redress models and their corresponding approaches/techniques



## **Model 5: Small claims courts or tribunals**

- Designed for swift and inexpensive redress for consumers
- Most do not permit legal representation
- Require mediation prior to adjudication

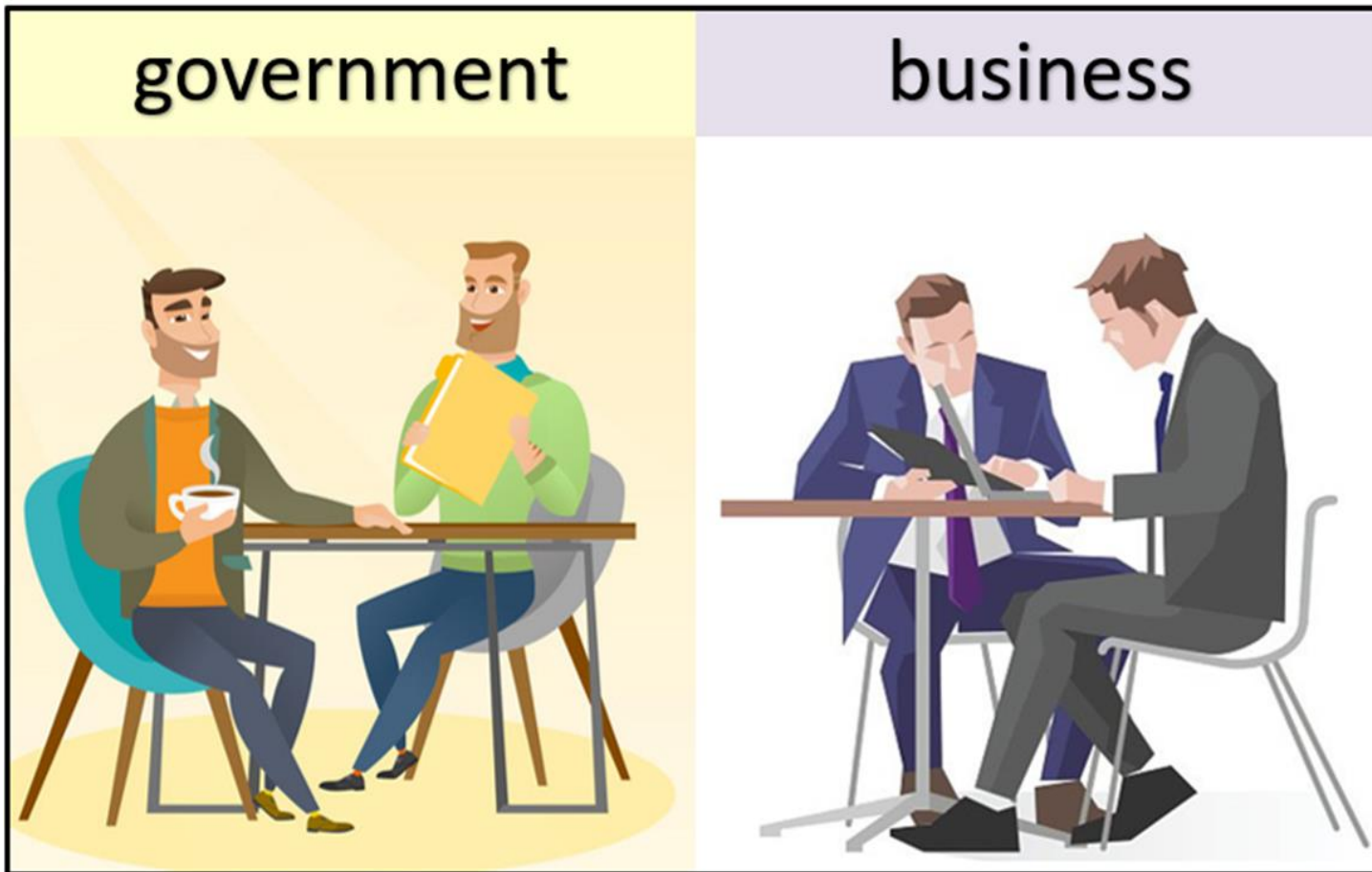
# Redress models and their corresponding approaches/techniques



## **Model 5: Small claims courts or tribunals**

- Employ Alternative Dispute Resolution (ADR) techniques
- Judgments are enforceable in the courts

# Redress models and their corresponding approaches/techniques



## **Model 6: Private organization to improve consumer complaint system**

- Made up of representatives from businesses and government agencies

# Redress models and their corresponding approaches/techniques

## Model 6: Private organization to improve consumer complaint system



- Provides best practice training on consumer support functions (e.g. complaints handling)



- Requires senior management support

# Redress models and their corresponding approaches/techniques



## **Model 6: Private organization to improve consumer complaint system**

- Highly effective in countries with strong domestic and international networks
- Consistent with building a responsible and responsive business sector

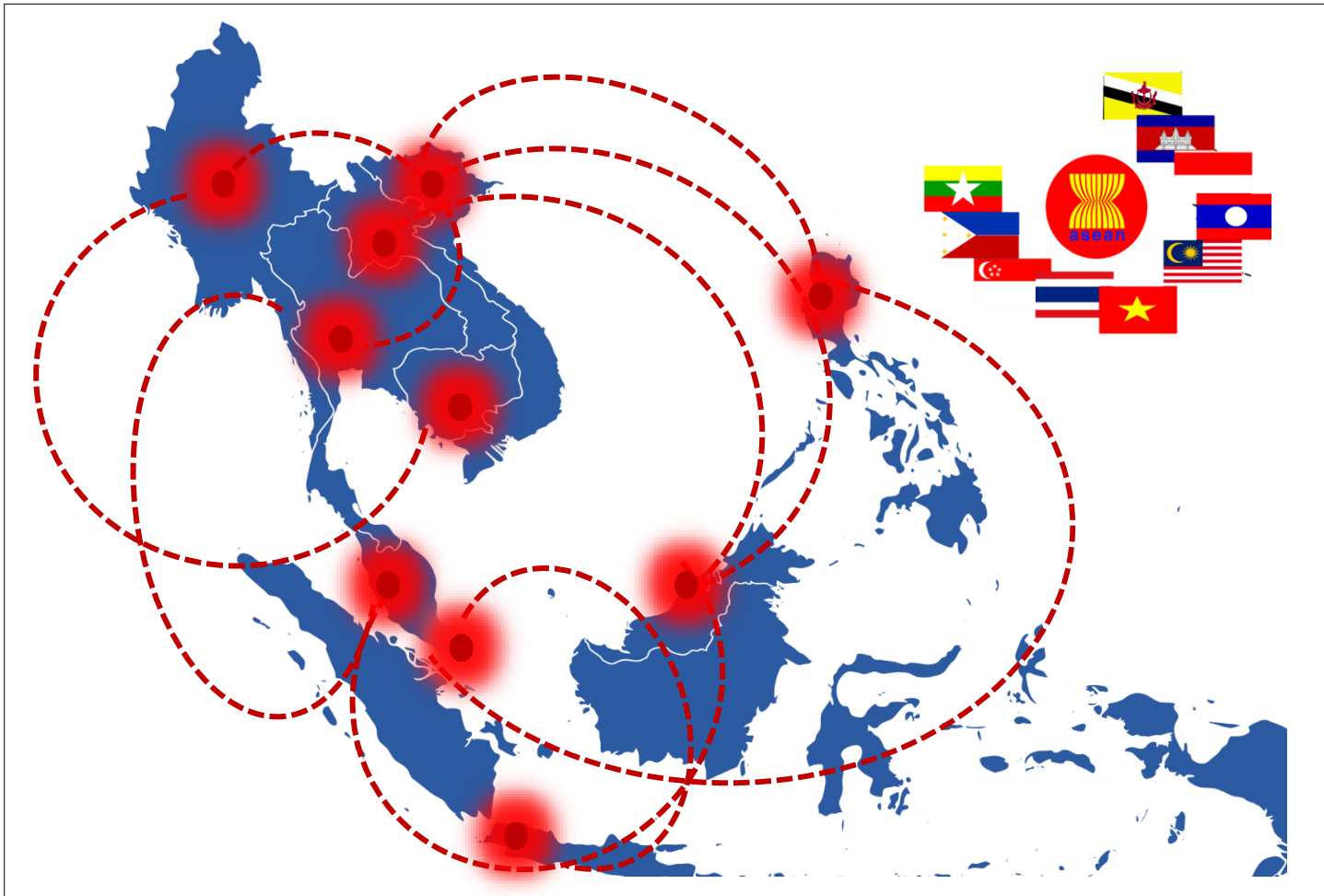
# Redress models and their corresponding approaches/techniques



## Model 7: Cross-border redress

- ASEAN regional facility for cross-border complaints
- Employs strategic approach toward consumer protection

# Redress models and their corresponding approaches/techniques



## Model 7: Cross-border Redress

- Contains policy measures and detailed priority actions, including development of:
  - Notification and information exchange mechanism by 2010

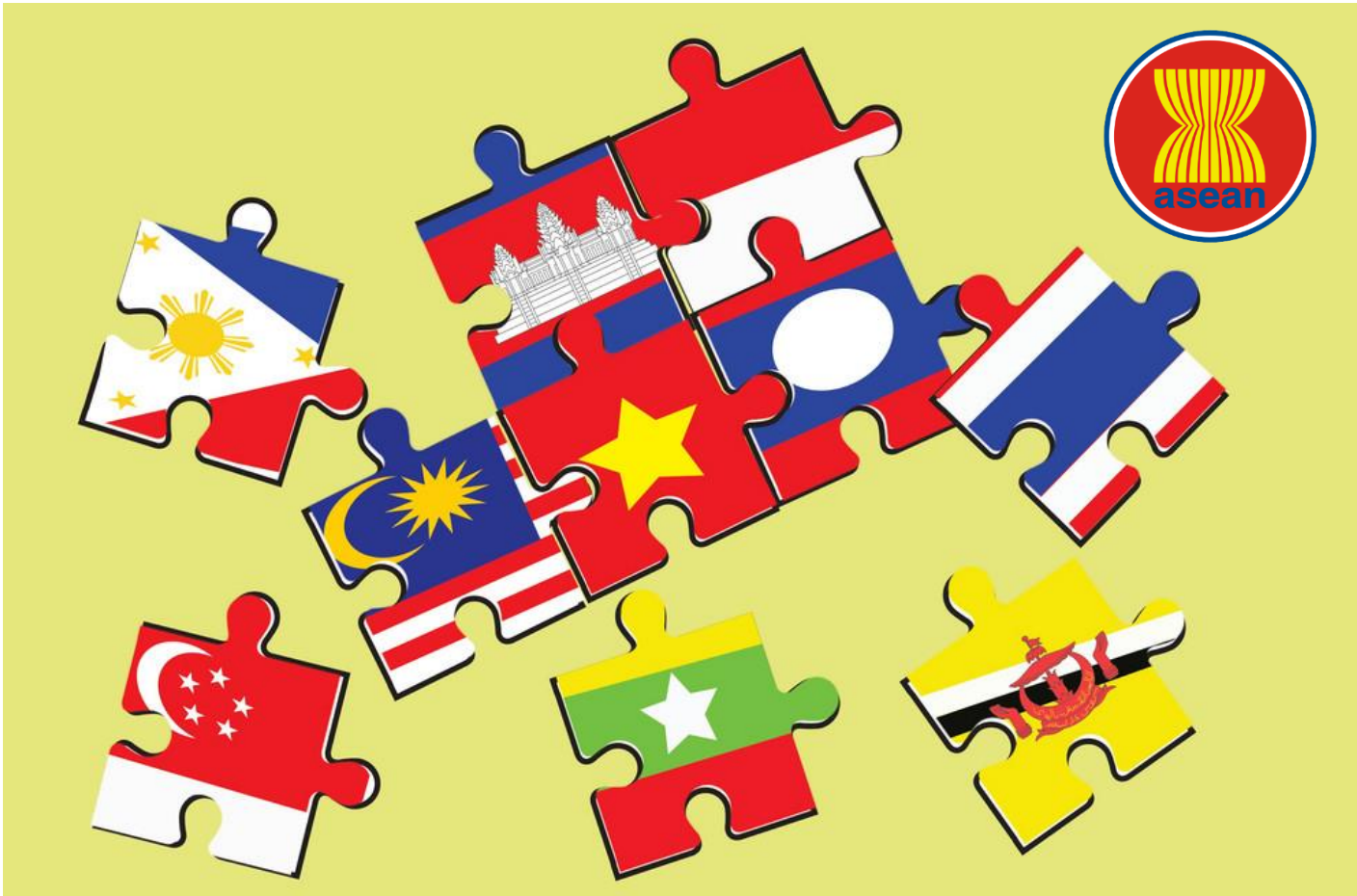
# Redress models and their corresponding approaches/techniques



## **Model 7: Cross-border Redress**

- Contains policy measures and detailed priority actions, including development of:
  - Cross-border consumer redress mechanism by 2015
  - Strategic roadmap for capacity-building by 2010

# Redress models and their corresponding approaches/techniques



## **Cross-border access to justice**

To date, no single model suits all AMS. Guidelines therefore, should be taken to assess the current consumer protection framework of each ASEAN member state.

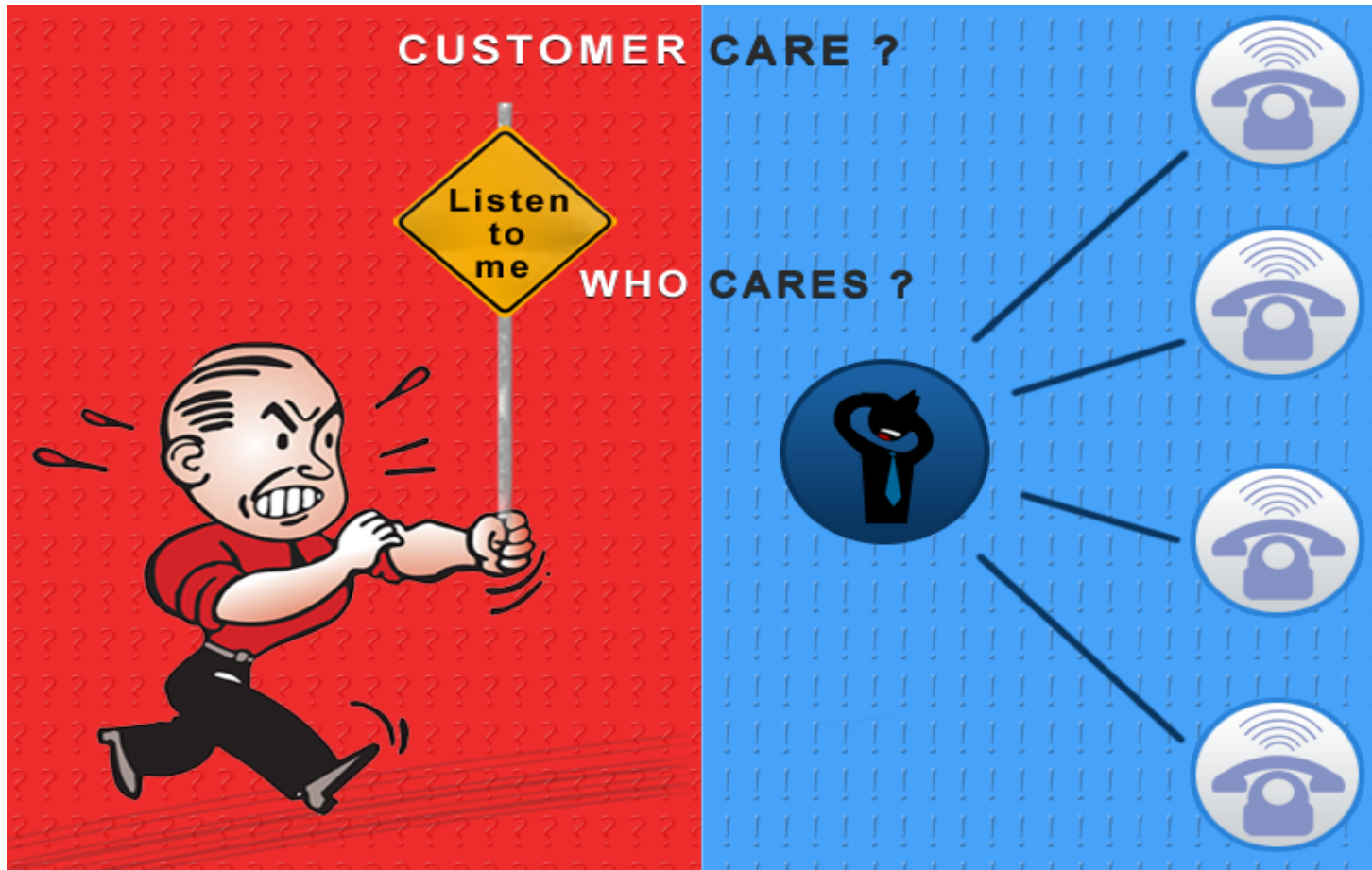
# Redress models and their corresponding approaches/techniques



Considerations to determine the stage of development for implementation:

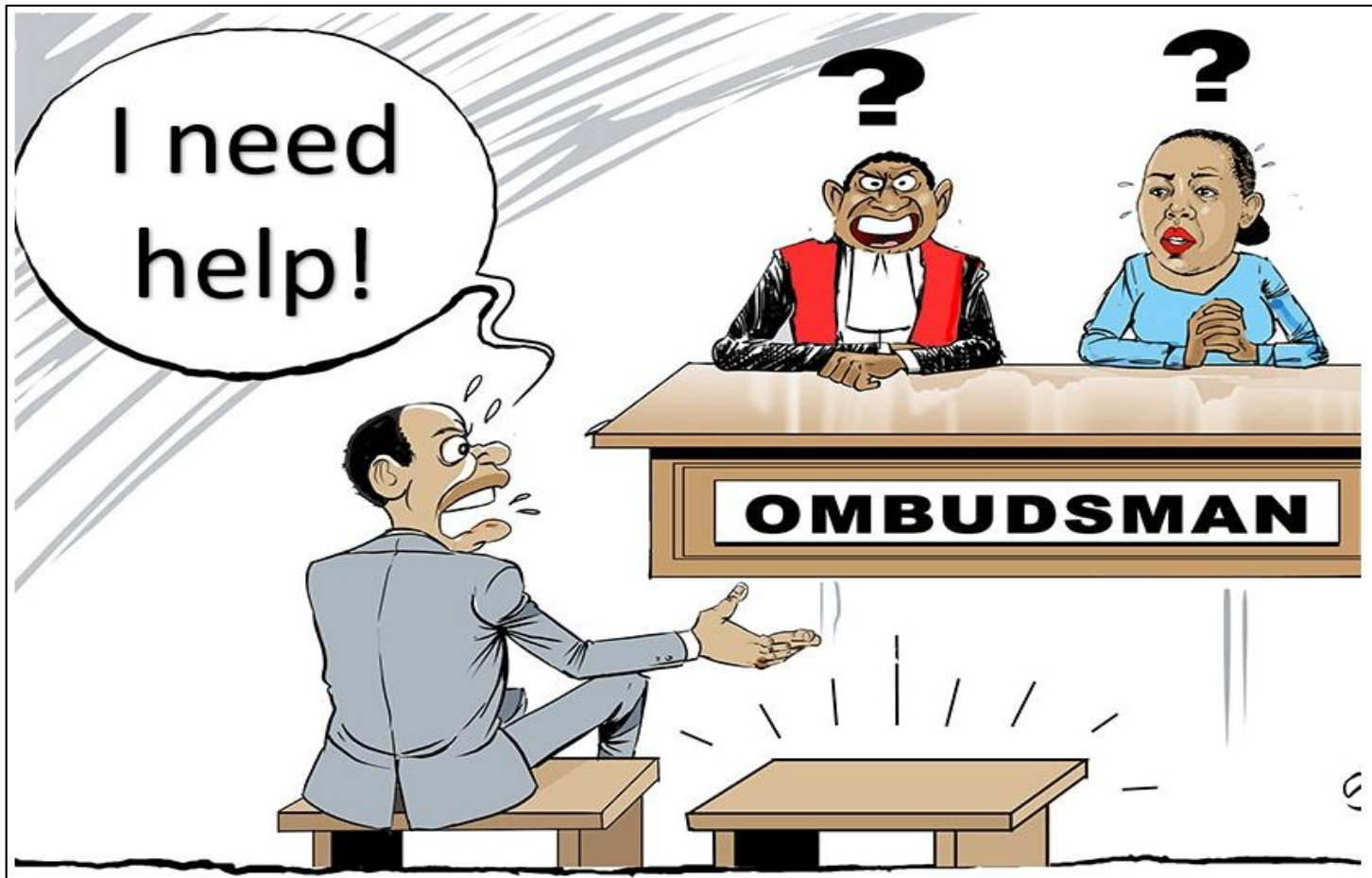
- Little or no measure for consumer redress.
- Basic professional admission/striking off provisions for gross negligence or dishonesty.

# Redress models and their corresponding approaches/techniques



- Agreement within the jurisdiction on the need to respond to consumer complaints against health care providers.
- Growing consumer pressure with the establishment of complaint and redress schemes.
- Professional associations' involvement in complaint and redress schemes.

# Redress models and their corresponding approaches/techniques



- Government intervention or threats to establish consumer redress schemes.
- Creation of industry ombudsman or other industry-based schemes
- Best-practice complaint systems and redress schemes.

# Redress models and their corresponding approaches/techniques



The seven models incorporate the approaches of:

- Alternative Dispute Resolution (ADR)
- Arbitration
- Mediation
- Group actions / Class suits
- Cross-border access to justice

# Management and Communication Tools of CPA



## **Consumer Awareness and Education**

Key role and responsibility of CPA and other sector regulators:

- Help consumer become aware of their rights , including with respect to product safety

# Management and Communication Tools of CPA



## Consumer Awareness and Education

- Consumers should be informed of:
  - Their rights to safety
  - Available remedies if they encounter unsafe products
  - How to access remedies
  - Where to go for further advice

# Management and Communication Tools of CPA

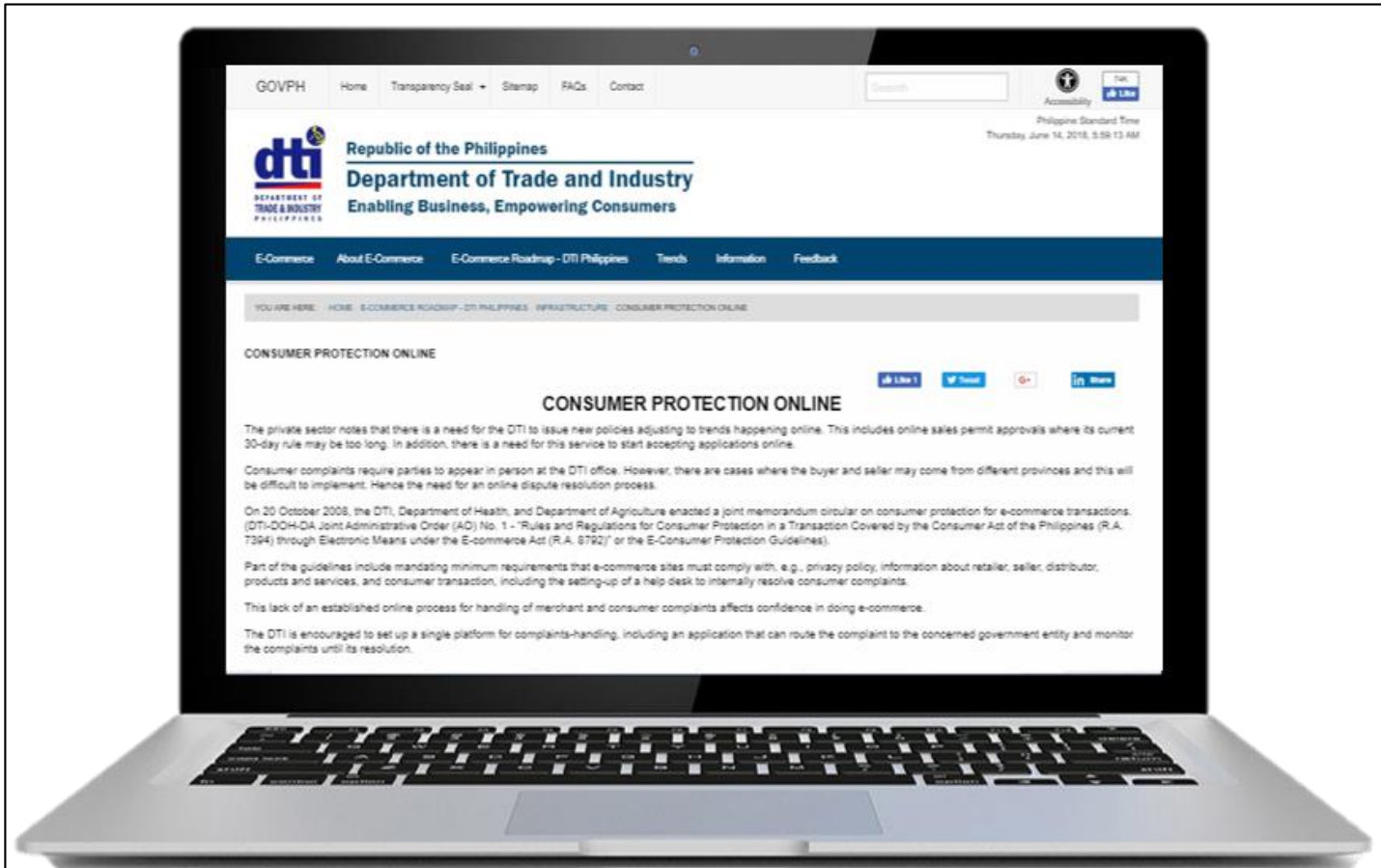


## Consumer Awareness and Education

- Information dissemination targeting specific groups:
  - The general public
  - Women and homemakers
  - Students
  - Rural communities

# Management and Communication

## Tools of CPA



Tools for information dissemination:

- Website and social media
- Media campaigns and public events
- Printed leaflets/booklets, etc.
- Partnership programs with Civil Society Organizations
- Toll-free consumer hotline
- Annual reports

# Management and Communication Tools of CPA



## **IT-Based Consumer Complaints Registration System**

An efficient and effective means of complaint handling should at the very least have:

- Basic information on common consumer complaint areas

# Management and Communication Tools of CPA



- Categorized consumer complaints according to areas with reference number
- Standard letters with blanks to fill in information for different types of complaints
- Inter-agency contact information to enable easy referral

# Management and Communication Tools of CPA



## **Inter-Agency Collaboration**

- Coordination among central and local CPA authorities is a major challenge in countries with new consumer protection law regimes

# Management and Communication Tools of CPA

## Inter-Agency Collaboration



- Major challenges exist in countries that have limited financial resources



- Major challenges exist in countries with permitted high levels of decentralization

# Management and Communication

## Tools of CPA



### **Inter-Agency Collaboration**

- Collaboration with related agencies, courts, and other concerned organizations
- Collaboration with regional and international bodies

# Management and Communication Tools of CPA

## Converting Consumer Complaints to Consumer Policy



Retrieve data from  
registration system



Analyse data and  
write report



Propose policy action  
from data analysis

# Session Assessment



- Share the three most important learnings you have gained as a result of this Session.
- How can you apply these learnings in your work related to consumer protection?