REGIONAL BRIEFING: E-COMMERCE AND CONSUMER PROTECTION IN THE MIDDLE EAST AND NORTH AFRICA

This briefing is part of a set giving a snapshot of Middle East and North Africa consumer experiences across three key digital areas: privacy and data protection, cybercrime, and e-commerce.

The Middle East and North African (MENA) region is home to one of the most youthful populations in the world, with 60% of people aged under 30. Internet access has almost doubled in the last seven years and now 71% of people are online, compared to just 39% in 2012. Ambitious national strategies are supporting the roll out of 5G networks , the fastest mobile phone growth rate of any region outside Sub-Saharan Africa and an explosion in e-commerce.

We surveyed online consumers in the region[1], and found they are embracing this new digital world, with 75% of participants optimistic about the role of technology in helping them live a better life in future.

Trust is vital to creating a safe and vibrant environment for e-commerce, but our survey revealed some emerging trust gaps which consumer protection could help to address. This briefing looks at e-commerce in the region and uses survey data to explore who is shopping online and why, and what might be holding back those who are not.

The rise of e-commerce

Consumer participation in e-commerce is increasing rapidly in MENA countries. By 2015, 44% of consumers in Saudi Arabia, Egypt and the United Arab Emirates (UAE) made their first online purchase, and the market is predicted to grow up to four times in size by 2022. This growth is influenced by the region's young and growing population who are embracing technology, social media and e-commerce.

Our survey found 45% of consumers aged 25 to 34 make online purchases and 24% shop online at least once a month, compared to 14% of consumers aged 45 to 64. Almost all consumers we surveyed who shop online plan to in future (95%), with younger consumers the most likely.

Gender and location also influence whether consumers shop online. Urban consumers are five times more likely to shop online than rural consumers (47% compared to 9% respectively). Saudi Arabian consumers are almost four times as likely to shop online (66%) as Egyptian consumers (16%). MENA women are less likely to be online[2], and of those that are, 35% identify as online shoppers compared to 41% of men we surveyed.

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[1] *Consumers International surveyed online consumers in Oman, Tunisia, Saudi Arabia and Egypt to help us understand MENA consumers' experiences with e-commerce, privacy and security online in a diverse range of markets. Survey findings were accompanied by interviews with our regional members.*

[2] In our survey of consumers in Oman, Saudi Arabia, Egypt and Tunisia we found that men are also twice as likely to be online and using digital communications or e-commerce platforms as women (69% compared to 32% respectively). This

WHO SHOPS ONLINE?

40%	45%	29%	14%
18-24	25-34	35-44	45-64

AGE
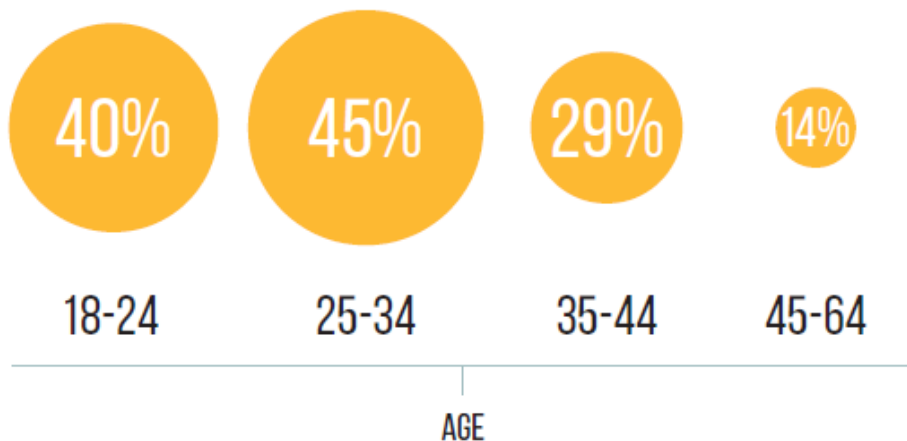
Those consumers who are not yet participating in online retail would be encouraged by:

- cheaper prices (24%)
- more choice of products (23%)
- confidence that payment systems are secure (18%)

The rise of e-commerce will have ripple effects for the economic development of the whole region - disrupting traditional bricks and mortar retail and creating growth opportunities for small retailers.

However, it also raises questions about whether consumer protection can keep pace and ensure MENA consumers can benefit from the increased choice and convenience that e-commerce and the associated services like online payments can offer.

What limits trust in e-commerce?

Despite the growth of e-commerce, consumers have low trust in online payments and face problems including unreliable service and a lack of information in local languages. These factors may be contributing to why many MENA consumers do not yet shop online, and those who do, spend less money compared to consumers in other regions of the world. 61% of MENA consumers we surveyed do not describe themselves as online shoppers, compared to only 31% of European consumers. MENA consumers in Qatar, the UAE, and Saudi Arabia also spend considerably less online than consumers in the US and parts of Europe.

A more social e-commerce future?
The potential growth of social media shopping could affect consumer habits, already, 52% of MENA consumers are influenced by social media reviews when shopping online, and 48% engage through social media promotions. And while only 3% of consumers we surveyed shop online through social media platforms, over a third use Instagram (38%) which has recently launched shopping tags in a range of countries including Saudi Arabia, Lebanon, Oman and the United Arab Emirates (UAE). These tags link products in photos, videos and stories to sites where they can be bought.

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meant that more men than women were eligible to participate in our survey. Only consumers that had access to at least one digital communication or e-commerce platform were interviewed.

Low trust in online payments: Cash on delivery for online orders is popular in MENA, with [62% of consumers preferring this option](#) compared to less than 5% of consumers in the UK and France. Making payments in advance online could be a much more convenient option for consumers as it would open up more delivery options, increase transparency by creating an audit trail for goods and payment, and potentially lower prices as cash on delivery is costly for retailers.

However, our survey found that only 33% of consumers who shop online also make payments online. Although it does depend on age as 25 to 34-year olds were twice as likely as consumers over 34 to use online payments (57% compared to 27%).

DO YOU MAKE ONLINE PAYMENTS FOR ITEMS PURCHASED OVER THE INTERNET?

12%	22%	39%	60%
88%	78%	61%	40%
EGYPT	TUNISIA	OMAN	SAUDI ARABIA

NO YES
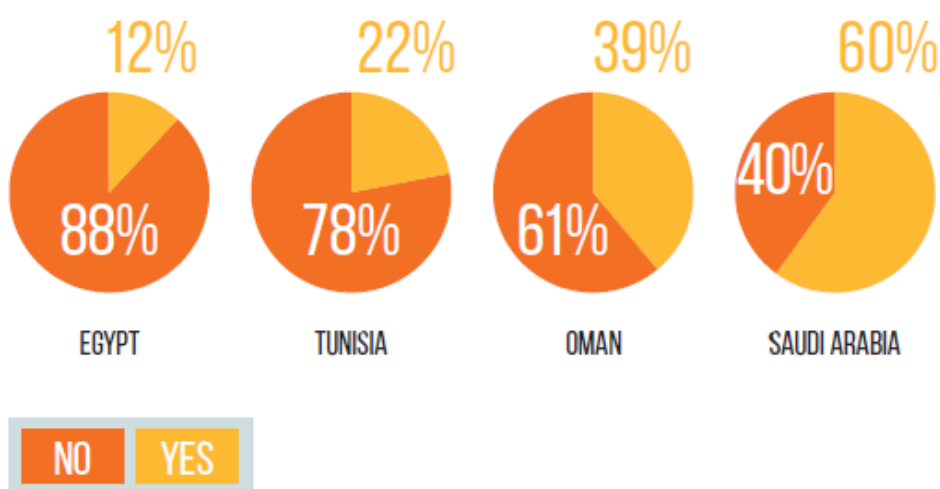
These low levels of usage of online payments [can be put down to low trust](#) - something that is consistent with other emerging e-commerce markets. Firstly, there are worries that refunds would be harder to get if orders are incorrect, not as described or never arrived, and so paying cash on delivery gives some kind of protection against these risks.

Another reason for lack of trust is concerns over the security of the e-transaction infrastructure and a lack of information at online checkouts. [Research](#) indicates that MENA consumers feel more confident using their credit cards when shopping with established cross-border retailers, who typically have more formalised systems for redress if things go wrong and more secure options for online payments.

Unreliable service and lack of redress: We found that one in three (29%) MENA online shoppers have had a problem with their order, the top three most common being: the product not as being described (16%), being unable to get in contact with the seller or return the item (7%), or the product turning out to be a fake (4%). Egyptian consumers were most likely to report problems, with 52% experiencing at least one problem in the last two years, the most common being delayed deliveries, products being not as described and items that never arrive.

The Lebanese Consumer Protection Directorate highlights that consumers often lack complete and accurate information about sellers - making it difficult to seek redress. The cross-border nature of e-commerce also means there is a lack of consistent consumer protection and

coordination between agencies. The Egyptian Consumer Protection Agency feel the proliferation of cross-border online shopping options on social media sites would exacerbate this.

Lack of information in local languages: Arabic is the dominant language in the region, with Berber spoken in several countries in North Africa. French and English are also widely spoken. Despite this diversity, 71 per cent of sites in the region are in English, with major platforms like eBay having no local language sites. This results in a significant gap between consumer needs for product information, terms and conditions and payments, which affects consumer confidence in completing online transactions and making the most of these services. However, some companies are taking steps to change this. The music streaming service Spotify, for example, has taken steps to localise and customise the user journey and provides terms and conditions in Arabic.

What is the state of e-commerce consumer protection?

Only six MENA countries have consumer protection legislation that covers e-commerce.

DEVELOPMENT OF CONSUMER PROTECTION LEGISLATION IN THE MENA REGION 2019

NO LEGISLATION

AT LEAST ONE PIECE OF LEGISLATION

MORE THAN ONE PIECE OF LEGISLATION, PLUS LEGISLATION IN DEVELOPMENT
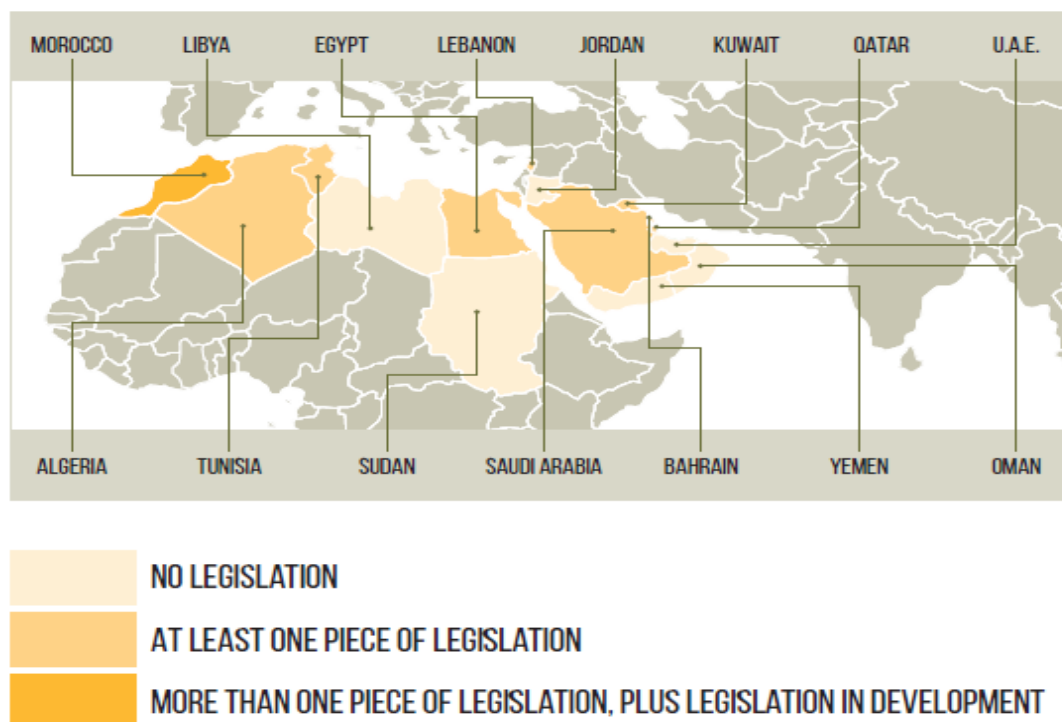
Countries in the region face a range of challenges related to a lack of legal and regulatory frameworks. For example, in Sudan the lack of robust online payment systems, internet infrastructure and high costs of internet access makes it hard for traders to set up online. While in Morocco, consumers lack basic information about where the retailer is based and how to get in touch with them or how to cancel their order. In Lebanon, there is good infrastructure to support e-commerce deliveries, but a lack of consumer protection around things like fraud prevention still limits consumer trust.

Some comprehensive measures to protect consumers when shopping online are in development. Saudi Arabia has passed an e-commerce law that will ensure clear terms and conditions of sale,

accurate product description, and presentation of costs, fees and delivery date. Advertisements that contain false information or deceive consumers will also be prohibited.

Other approaches to building a better e-commerce environment include private public ventures, such as the Oman Fund for Information Technology which is investing in start-ups to meet growing consumer demands for services such as ride sharing apps and food delivery. Some feel there is a role for the private sector to work with government to develop things like electronic billing and payments.

Our members are also taking steps in working directly with major e-commerce companies in the region. For example, the Egyptian Consumer Protection Agency meets with leading e-commerce retailers, such as Jumia and Souq, to discuss consumer complaints. The Agency is also increasing consumer awareness of e-commerce rights by sharing warnings on their website and through a new mobile app where consumers can make complaints if something goes wrong with an e-commerce transaction.

What can consumer rights organisations do?

A range of things like age, location and gender are influencing and will continue to drive the MENA region's e-commerce expansion, but our survey and interviews found that meeting some key consumer needs will strengthen overall e-commerce participation. These include more reliable services with clear redress mechanisms, services tailored to local languages and most importantly trusted online payment systems. Consumer organisations are well placed to call on governments and companies to make these improvements.

Consumers International's recommendations to the G20 Consumer Digital Summit covered a range of actions governments and businesses could take to improve consumers' experiences online and help to build a trusted digital world. They included increasing access to the internet, security and transparency in terms and conditions, data protection by design, redress and education. You can read the full set on our website.

Below we have selected just a few recommendations that are most relevant to e-commerce, along with some other actions for consumer organisations in the region. We have also included action points from the OECD e-commerce guidelines which we helped to develop:

Actions for governments include:

- Develop effective regulation and enforcement measures that address the gap between online and offline consumer protection such as dispute resolution, clear information and verifiable reviews.
- Prioritise and enforce measures to protect consumers' payment details, financial assets and personal identity against fraud or misuse.
- Consult with governments across the region to develop consistent approaches to e-commerce protection to support consumers who buy goods from other countries.
- Respond to areas of growing participation, such as social media shopping and emerging practices like data-driven individualised pricing.

Actions for companies include:

- Meet global best practices for e-commerce including secure payments, information provision, data protection and redress.
- Explore what leads to the 'trust gap' for consumers in these markets and tailor solutions that would build confidence and participation.
- Continue to innovate and support positive consumer experiences by developing local language terms and conditions, interfaces that are clear and easy to understand and responsive complaint handling systems.

Actions for consumer organisations include:

- Explore the Consumers International Digital Index, a database of international examples of legislation, standards and policy related to consumer e-commerce including national strategies, automated refund schemes, and cross-border product safety initiatives
- Work with policy makers to evaluate and call for the measures set out in the OECD e-Commerce guidelines - these provide a practical baseline on which to monitor the state of e-commerce protection.
- Develop awareness campaigns to build knowledge of consumers' rights when they shop online, how to use reviews and ratings and how to avoid fraud and scams.
- Work with consumer groups in the region to share resources and evidence to build the case for improved consumer protection in e-commerce at a regional level.

This briefing gives a snapshot of the MENA consumer experience of e-commerce. See here for the accompanying briefings on privacy and data protection, and cybercrime.

Consumers International is currently building a Change Network to bring together the consumer movement with leaders from government, business and academia to address these and other pressing issues for consumers such as AI, the Internet of Things, sustainability, food and energy.

Working together increases the potential to identify and catalyse solutions that will lead to real and meaningful change, putting consumers at the heart of digital developments. If you would like to be part of this network please see Consumers International's website for more details.

With thanks to:

Consumer Protection Directorate, Lebanon Ministry of Economy & Trade
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Oman Association for Consumer Protection (OACP)
National Society for Consumer Protection of Jordan (NSCP)
Consumers Lebanon
Yemen Association for Consumer Protection (YACP)
National Union for Consumer Protection of Algeria
Consumer Protection Association Libya
National Federation of Consumer Associations of Morocco
Sudanese Consumers Protection Society (SCPS)

Methodology: Consumers International surveyed 3,000 online consumers in Oman, Tunisia, Saudi Arabia and Egypt to help us understand MENA consumers' experiences with e-commerce, privacy and security online in a diverse range of markets. Survey findings were accompanied by interviews with our regional members.