



BUILDING A DIGITAL WORLD CONSUMERS CAN TRUST

Proposed recommendations from the consumer
movement to the G20 member states

Consumers International
and The Federation of German
Consumer Organisations
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Consumers International and Verbraucherzentrale Bundesverband on behalf of the worldwide consumer movement call on the G20 to recognise the importance of consumer trust and empowerment in realising the benefits of the digital economy. They request that the OECD be appointed to develop a toolbox of policies, actions and measurement criteria jointly with Consumers International and key stakeholder groups to support consumers in the areas set out in this document and report back to G20 ministers in 2018.

Consumer confidence and trust are central to the success of the digital economy. The rapid development of digital technology has delivered social and economic benefits for millions of consumers around the world. It has connected people within and between countries, enabled people to easily access information and services and created choice and convenience in ways that could not be imagined a generation ago.

However the continued success of the digital economy will only be possible if further developments are not just available to all but trusted enough to be integrated into people's everyday lives. The responsibility for ensuring that consumers' rights are protected online, and autonomy and personal freedom are upheld, cannot be managed by one country alone; it requires collaboration across governments, international organisations and businesses.

1 REGULATORY FRAMEWORK

Digital consumer protection and empowerment should be an integral part of the regulatory framework to effectively address the complexity of digital markets and the experience of consumers online. Regulation should be proportionate to the characteristics, type and variety of digital services and products and consumers' rights and responsibilities.

The consumer protection framework should meet requirements as set out in international guidelines, recommendations and regulations such as the UN Guidelines on Consumer Protection, and provide consumers with an equal level of protection whether their activities are carried out online or offline and regardless of location. It should address new challenges arising from consumer use of digital technology such as security, liability, complex terms, incompatibility and affordability. Interventions should be evidence-based and outcome-focused, and recognise where non-regulatory solutions may have more impact on consumer outcomes.

Countries should agree to progress towards the development of open and complementary standards. A sound measurement of how the digital economy affects consumer trust and confidence is essential. Strong, effective, proportionate and easily accessible legal and judicial or supervisory mechanisms should exist to protect consumers from fraud and unfair treatment online and to provide sanction against abuse, technical failures and errors.

2 RESPONSIBLE BUSINESS CONDUCT AND THE ROLE OF OVERSIGHT BODIES

Treating consumers fairly should be an integral part of the objectives, good governance and corporate culture of all digital providers, and they should be held responsible for upholding digital consumer protection. Companies should adhere to the best practice guidelines of the United Nations Guidelines for Consumer Protection which state that all consumers of digital products and services should be treated equitably, honestly and fairly at all stages of their relationship with product and service providers. Any practices that increase the risk of harm to consumers should be avoided, with special attention given to the needs of disadvantaged groups or consumers in situations of vulnerability.

Countries should have oversight bodies with responsibility for all aspects of digital consumer protection. Such bodies must have the necessary authority and independence to fulfill their mandates and the technical resources and capabilities to effectively understand developments in the sector. Given the central importance of data within the digital economy, independent data protection agencies which can fulfil their mandate to protect consumers' data are essential.

3 ACCESS AND INCLUSION

Consumers should have access to an affordable, consistent, good quality internet connection in order to enable them to take up the opportunities of the digital economy. A concerted, co-ordinated effort by governments, regulators and business must be made to ensure that the remaining offline population is connected to an open internet through affordable high quality connectivity. Access services should respect the principle of net neutrality.

Particular attention should be given to ensuring access for marginalized or disadvantaged groups of consumers and those in remote or expensive to connect geographical areas, and access measures should reflect low income groups and demographic equality. Countries should address all drivers of affordability such as device costs and the application of unfair data caps that can keep the price of connectivity artificially high.



4 DISCLOSURE AND TRANSPARENCY

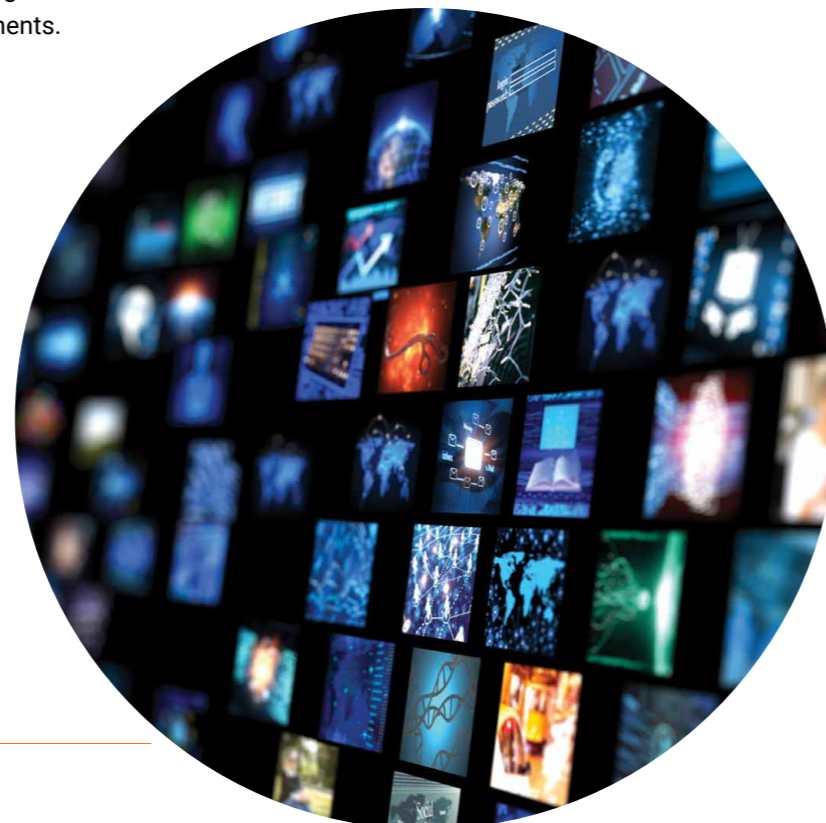
Clear information about digital products, providers, processes and consumer rights should be of practical use to consumers. It should be easy to access in order to enable consumers to understand the implications of their activities online, and facilitate confident, informed decision-making.

Information should be designed to enable the average consumer to quickly understand and acknowledge critical information sufficiently prior to the point of purchase. Critical information can be best delivered through: notification of anything that may be beyond consumers' reasonable expectations, clear and user friendly presentation, ability to easily compare pricing and functionality, summary of key terms, minimizing the length of disclosure statements and simplifying language. Provision should keep pace with best practice in effective communications in digital environments. Verifying the accuracy and credibility of information online should be the responsibility of the provider and meet international standards. Regulatory instruments should ensure that the digitalisation of services results in consumers being better informed and does not create unnecessary market barriers, complexity and confusion.

5 FAIR USE AND CLEAR OWNERSHIP

Digital technology has changed the nature of many services and products because connected software is now contained in an increasing number of general consumer products. Key parts of what makes these products function are now licensed to consumers and covered by terms and conditions, meaning providers have greater control of product functionality. These new developments must respect consumers' rights and be clearly communicated to consumers so that they can make informed decisions regarding the purchase and use of connected products. It should be clear which entity is responsible for performance and security at each point of product delivery and during the full lifespan of the product. Regulators should consider frameworks to address potential new detriments.

Consumers need guarantees of their right to fair use. Controls that producers can exercise over the use of a product and its related data should be legitimate, fair and proportionate. Companies should follow due process in exercising sanctions.



6 DIGITAL EDUCATION AND AWARENESS

Education and awareness provision should complement rather than replace regulatory and legislative protection. Activity should be delivered through the most effective channel, and be highly targeted and evaluated to ensure it addresses specific consumer needs and the needs of disadvantaged or marginalized groups.

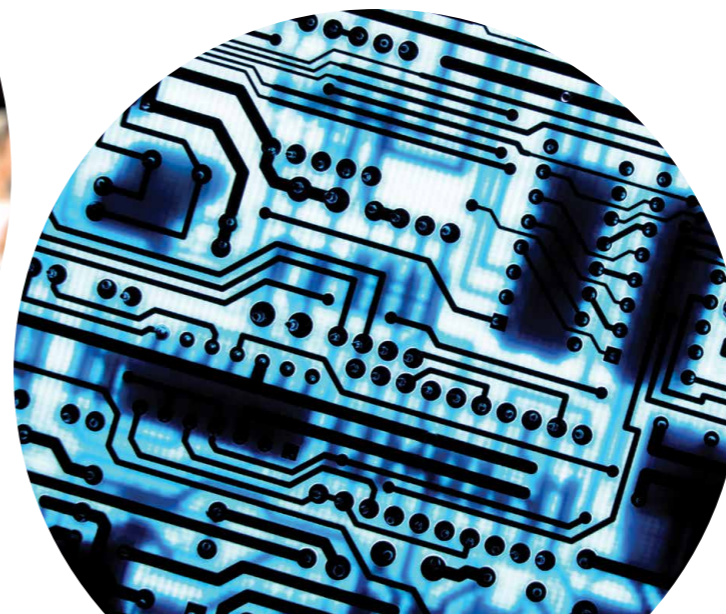
Digital education and awareness should support consumers to develop the skills and confidence to be able to manage risks and opportunities, make informed choices, know how to get assistance and advice and take action to protect and improve their well-being and identity online.

Companies should develop systems to make it easier for consumers to understand risks and opportunities about their products and services online.

7 SECURITY AND SAFETY

Safe and secure digital environments where all consumers can participate in a range of activities are essential for building trust. Digital security and safety measures are needed to protect consumers' payment details, financial assets and personal identity against fraud or misuse, address defective products and protect the personal safety of consumers. International standards should be developed to ensure companies provide essential security updates for all digital products for a specified and reasonable period after sale. Clear rules of liability should ensure that consumers are fully compensated in case they are harmed as a result of safety and security problems.

Governments should regulate to ensure that financial data, personal data and any personally identifiable information be stored and transmitted to the highest reasonable standards of security based on the risk to consumers. To improve data protection, companies should be incentivised to adopt best practice standards such as privacy and security by design, and independent assessment of data security through timely breach notification, sanctions, and limitations to liability for consumers and compensation requirements. Regulators should co-ordinate approaches to raising awareness about online security. Companies should develop systems that make it easier for consumers to adopt safe and secure practices.



8 DATA PROTECTION AND PRIVACY ONLINE

Data flows are central to the digital economy. Consumers should be able to exert control over their personal data and privacy preferences so that they can benefit from opportunities within a trusted and safe system. Regulators should take into account the impact multiple products, services and organisations aggregating data on individuals and their rights as a consumer and citizen. Companies and regulators should regularly review and re-evaluate the scope of personal data collection, and whether it is proportionate to service delivery. Aspects of privacy that are important to consumers should be considered in the design stage of digital products.

Consumers' privacy and data protection rights must be properly protected and upheld in order to address consumer concerns and the harms that arise such as discriminatory practices, invasive marketing, loss of privacy and exposure to security risks. Consumers should be made aware of the implications of how their data could be used in the digital economy and given simple and effective ways to assert control or mitigate risks. Companies should provide simple, secure ways for consumers to access and control their data and benefit from opportunities of sharing their data, in line with their preferences, expectations and legal rights.

It should be clear to consumers what data will be collected and for which purpose it will be used throughout the duration of the product or service relationship. It should be clear how algorithms that affect the quality, price or allow access to a service make decisions about them. Regulators should ensure the use of algorithms is lawful and does not discriminate by making detrimental decisions based on sensitive information such as race, gender or religion and consider appropriate frameworks to address problems should they arise, which could include rights to challenge automated decisions.

National data protection policies should be in place. Data protection laws should be fully enforced, and strengthened if necessary where consumer detriment is identified. In the event of breaches of security consumers should have easy access to redress. International policy on cross border data flows should be co-ordinated so that countries involved have in place high standards of protection in both substantive and procedural national laws.

9 COMPLAINTS HANDLING AND REDRESS

Rights to redress in the online world should not be less than those available for other forms of commerce. Companies offering online transactions should have strong internal dispute mechanisms that do not impose unreasonable cost, delays or burdens on consumers. Recourse to independent redress should be available to address complaints that are not satisfactorily resolved by internal mechanisms. Redress mechanisms should incorporate new consumer issues arising from digital products and services, such as cross sectoral or cross border transactions, loss of service, failure of essential updates or other inconvenience or distress caused by product failure.

Where complaints or problems involve multiple providers and/or sectors, it must be clear where a consumer should go for assistance. Regulators should work across jurisdictions to support cross border dispute resolution.

Complaints handling and redress mechanisms should be accessible, affordable, independent, fair, accountable, timely and efficient. Aggregate information with respect to complaints and their resolutions should be made public. With regard to the large numbers of consumers that may be impacted, appropriate mechanisms to solve mass claims situations should exist. Online dispute resolutions should be provided but not to the exclusion of other avenues.

10 COMPETITION AND CHOICE

Nationally and internationally competitive markets should be promoted in order to provide consumers with a meaningful choice of digital providers, products and services and support the delivery of better prices, enhanced innovation and high service quality. Ex-ante measures should be put in place to allow market entry for alternative providers without lowering consumer protections.

Countries should consider the nature of competition and potential for detriment in the digital age, particularly those characteristics which impact on consumer choice and protection such as: the essential nature of being online and dependence on a small number of large companies; the disproportionate influence that holding large quantities of consumer data gives some providers; the network effect of digital services which can have the effect of locking in consumers to particular providers or limiting their ability to switch. To enhance consumers' ability to easily compare and switch providers, interoperable and compatible device and software standards and rights to access and transfer data between services should be prioritised and research supported to establish best practice in this area globally.

Consumers International and Verbraucherzentrale Bundesverband call on all governments, international organisations, businesses, consumer organisations and consumers worldwide to support these recommendations for the OECD to work with Consumers International and key stakeholders in developing the toolbox to help build a digital world consumers can trust.





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Verbraucherzentrale Bundesverband is the German Federation of Consumer Organisations and an active member of the European Consumer Organisation (BEUC) and the worldwide Consumer Organisation (Consumers International).

Consumers International brings together over 200 member organisations in more than 100 countries to empower and champion the rights of consumers everywhere. We are their voice in international policy-making forums and the global marketplace to ensure they are treated safely, fairly and honestly.

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