



**CONSUMERS  
INTERNATIONAL**

COMING TOGETHER  
FOR CHANGE

# **WORLD CONSUMER RIGHTS DAY BRIEFING: ACCESS TO E-COMMERCE**

MAKING DIGITAL MARKETPLACES FAIRER



## WHY IS ACCESS TO E-COMMERCE SO IMPORTANT?

With half of the world’s population offline, the biggest thing that prevents consumer engagement in digital markets is lack of access to the internet.

Internet penetration varies greatly between regions, with the highest in North America and lowest in Africa. Broadband adoption in many African countries remains particularly low due to poor telecommunications infrastructure and lack of electricity.

Even within regions and countries, there are major differences, and often reliable, affordable connections are only available in urban areas.

The table below shows a further breakdown for each region.

**“If you can’t have electricity you can’t drive an industrial development... Electricity drives everything, so until we fix that problem Africa faces huge challenges.”<sup>1</sup>**

Akinwumi Adesina, the President of the African Development Bank

WORLD INTERNET USAGE AND POPULATION STATISTICS, MARCH 25 2017			
World Regions	Population (% of World)	Penetration rate (% Pop.)	Growth (2000 – 2017)
Africa	16.6%	27.7%	7,557.2%
Asia	55.2%	45.2%	1,539.4%
Europe	10.9%	77.4%	506.1%
Latin America/ Caribbean	8.6%	59.6%	2,035.8%
Middle East	3.3%	56.7%	4,220.9%
North America	4.8%	88.1%	196.1%
Oceania / Australia	0.5%	68.1%	261.5%
WORLD TOTAL	100.0%	49.6%	933.8%

Figure 1: Who is online? Source: [Internet World Stats](#)

<sup>1</sup> ‘Can the Internet Reboot Africa?’ The Guardian, 25/07/16, cited in The WTO’s Discussions on Electronic Commerce, South Centre, 2017.

## QUALITY AND COST

The quality and cost of internet access can also exclude people from e-commerce. For example, Consumers International member, IDEC, has been involved in a campaign in Brazil against the unfair use of data caps by internet service providers (ISPs). The practice involves slowing or stopping a consumer's broadband connection once a monthly data cap has been reached. Used unfairly, the practice can severely limit the ability of low income groups to use the internet to its full potential, preventing them from engaging as fully in digital markets either as consumers or as producers. Data caps can also mean connections time out before purchases complete and can interfere with paid for streaming services, such as Netflix.<sup>2</sup> Caps could also negatively impact economic development by limiting competition and innovation.<sup>3</sup>

## LIMITS TO CHOICE

In some cases, the extent to which consumers can access digital markets can be bound up in the terms by which they gain access – such as with the Facebook 'Free Basics' initiative. Launched in 2014 as Internet.org, the initiative offered a way for people to connect to the internet for free via their mobile phones. Free Basics comes to consumers in the form of a mobile app that gives users access to only a small selection of websites and services, chosen by Facebook. Aside from limiting consumers from engaging with more than a handful of businesses, this has an obvious impact on competition. Free Basics is active in 63 countries across Africa, Asia and the Americas, and in Iraq and Jordan. Facebook's attempt to introduce the app in India failed. In 2016 the Indian regulator found in favour of upholding net neutrality, and declared Free Basics illegal.<sup>4</sup> Besides violating the principles of net neutrality, criticisms of Free Basics include: a failure to meet the linguistic needs of the target users; an imbalance of sites and content in which third-party services from privately owned companies in the United States are dominant; and the collection of meta data from all user activity via Free Basics.<sup>5</sup>

## PAYMENTS AND DELIVERY

Lack of access to payment methods or efficient delivery affects millions of people. UNCTAD's e-commerce index<sup>6</sup> measures countries' 'e-commerce readiness' which includes internet access, payments and

infrastructure required for delivery. The payment indicator used in the index is credit card penetration. This remains the most common method of payment and is forecast to continue to be so in 2019. However, credit card transactions are losing ground to other types of payment. In China, only 16% of the adult population owns a credit card. The Alipay e-money escrow service offered by Alibaba is the most popular payment method for online shopping in China and is used by 68% of shoppers there. It has been argued<sup>7</sup> that China's lack of extensive consumer banking infrastructure led to innovative payment solutions that have contributed to rapid and extensive growth in e-commerce in China in the last ten years.

African countries rank the lowest in all of the UNCTAD e-commerce readiness indicators, although the development of innovative mobile banking solutions has increased access to finance for many. SMS money transfers can be accessed by consumers with no bank account. M-PESA for example, has allowed Kenya to lead the world in mobile banking. Launched in 2007 by Safaricom, the country's largest mobile-network operator, it is now used by over 17m Kenyans, equivalent to more than two-thirds of the adult population; around 25% of the country's gross national product flows through it.<sup>8</sup> Although mobile banking has enabled more consumers to engage in digital markets in Africa, the underlying transaction and logistics processes still need to improve, otherwise online shopping is likely to remain limited to wealthy populations in urban areas. Kenya is still ranked 86<sup>th</sup> in the world on [UNCTAD's B2C e-commerce readiness index](#).

## DELIVERY

In the UNCTAD e-commerce readiness index, postal reliability for the delivery of physical products is given a score out of 100 by the Universal Postal Union (UPU) based on the speed with which items get delivered (from tracking data) and the predictability of the postal service. Two of the three Asia-Pacific economies in the top ten of the index are notable for having the most reliable postal networks; the Republic of Korea and Japan rank 1<sup>st</sup> and 2<sup>nd</sup> respectively with 100 and 99 respectively. Guatemala and Venezuela have the lowest postal reliability ranks- each scoring zero.

<sup>2</sup> ['Brazil Has To Pause Adoption Of Broadband Usage Caps After Consumers Revolt'](#), Techdirt.com, May 2016

<sup>3</sup> ['Capping the Nation's Broadband Future'](#), NewAmerica.org, 17/12/12

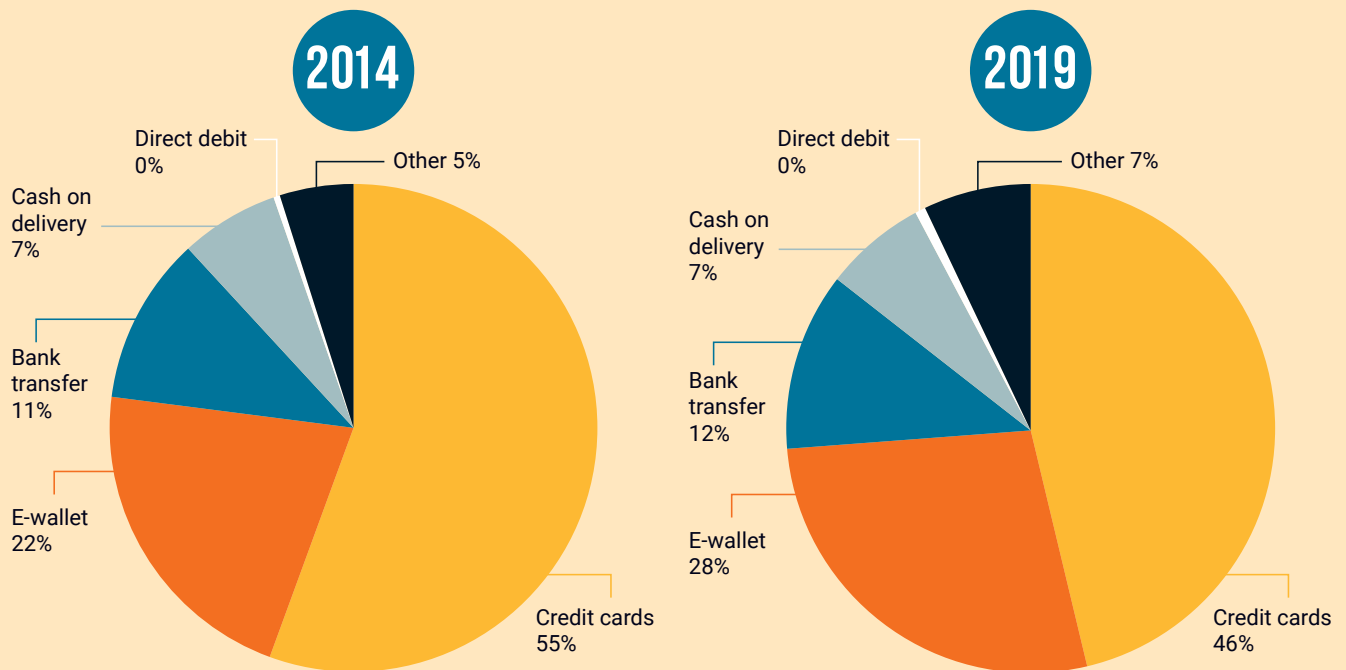
<sup>4</sup> ['The inside story of Facebook's biggest setback'](#), The Guardian, 12/05/16

<sup>5</sup> ['Free Basics in Real Life'](#), Advox Global Voices, July 2017

<sup>6</sup> ['UNCTAD B2C e-Commerce Index 2016'](#), UNCTAD, 22/04/16

<sup>7</sup> ['Lead Leapfrogger: Chinese O2O Commerce and The Nature Of Cultural Innovation'](#), Digital Hub Asia, 29/04/17

<sup>8</sup> ['Why does Kenya lead the world in mobile money?'](#), The Economist, 02/03/2015

**FIGURE 3. ONLINE PAYMENT METHODS BY VALUE, 2014 AND FORECAST FOR 2019**

Note: Other includes e-invoices, postpaid, prepay, mobile carrier billing, crypto currencies (e.g. Bitcoin) and other emerging technologies. E-wallets allows consumers to either use electronically stored money value or take funds from another payment type linked to their e-wallet: examples include Alipay, Tenpay, PayPal, Qiwi, Yandex.Money. Credit cards includes all card payment solutions (credit card, debit card, charge card and pre-paid card).

Source: UNCTAD research based on data from Worldpay, 2015. Your Global Guide to Alternative Payments.

## CALL TO ACTION

Members can use World Consumer Rights Day 2018 to call for action on access to the internet and the opportunities for e-commerce. Consumers International's 2017 recommendations, [Building a Digital World Consumers can trust](#) call for:

- Consumers to have access to an affordable, consistent, good quality internet connection 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 marginalised 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.<sup>9</sup>

By sharing information with Consumers International about what you are doing for World Consumer Rights Day and using the hashtag #betterdigitalworld your activities will contribute to a global day of action.

<sup>9</sup> Consumers International, 'Building a digital world Consumers can trust: Proposed recommendations from the consumer movement to the G20 member states', 2017

## CASE STUDY: EXAMPLES OF INITIATIVES TO PROMOTE ACCESS

eWater Pay, a UK charity operating in the Gambia and Tanzania, has developed an app that allows consumers to buy and sell credit for access to affordable, clean water. Consumers with the app can use the integrated mobile money platform to purchase and sell on eWater credit. Consumers without a smartphone can still purchase eWater credit using provided tags. eWater pumps are connected to the internet and when they break down, local maintenance services are notified so they can be repaired as quickly as possible<sup>10</sup>.

In Morocco, online platforms like Anao enable users to sell products directly to customers around the world. Co-operatives like the Women Weavers of Morocco eliminate the need for the middleman and therefore increase profits for the weavers. The app also helps artisans to arrange shipping for their products when they are dealing with requests for overseas delivery<sup>11</sup>.

In the Republic of Korea, the government has worked closely with telecommunications operators to help consumers in rural areas benefit from e-commerce and encourage C2C trading of goods and services. Training programmes were organised to help consumers learn more about how to sell goods online. The private sector also assisted with the government initiative by developing sophisticated e-commerce portals to improve e-commerce access in the country<sup>12</sup>.

## CASE STUDIES: EXAMPLES OF CONSUMER INTERNATIONAL MEMBER ACTIVITIES TO PROMOTE



### Suriname

In Suriname, **Consumentenkring** organised a range of activities including lectures on more affordable and better internet broadband connections for consumers and articles on online privacy awareness with the assistance of Telecom Authority Suriname.



### Cote D'Ivoire

The **FAC – Cote d'Ivoire** targeted its World Consumer Rights Day 2017 campaign at the students and the academic population. Staff organised a round table event with panellists to discuss issues relating to fast and accessible internet access for all.



### Pakistan

For its 2017 World Consumer Rights Day activities, **The Network for Consumer Protection** called on law and policy makers and telecom regulators to take tangible steps to improving connection quality and access to internet services in Pakistan.

10 eWater Pay Homepage, <http://www.ewaterpay.com/>

11 'Anou Connects Moroccan Weavers to World Market', Fair Observer, 09/10/2015

12 UNCTAD, 'Information Economy Report 2015: Unlocking the Potential of e-commerce for developing countries', 2015