

Consumer Redress as a Precursor to Consumer Trust in the Digital Age

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Digital financial services (DFS) are any financial services that are available digitally and they include payments, savings, credit transfers and insurance. They are procured through digital channels which are basically point-of-sale (POS) machines, automated teller machines (ATMs), internet and mobile phones. Payment for utility bills, school fees and entertainment, to mention but a few, is now done digitally. Consumers are able to undertake money transfers using DFS. Credit facilities are now available via mobile phones from service providers such as a mobile network operator, like MTN.

Before we go any further, it is important to understand who a consumer is. According to the Competition and Consumer Protection Act, No. 24 of 2010 (CCPA)¹, of Zambia, a consumer is basically an end user of a product or service and not one who purchases a product or service for the purpose of re-sale. Therefore, a business is not a consumer under the CCPA.

The law is interested in protecting interests of consumers because consumers are a weaker party in any transaction as they have less bargaining power due to information asymmetry. Not all transactions leave consumers satisfied as they sometimes do not get value for their money. Hence, redress is key. Additionally, consumer redress is important because it is a universal right under the United Nations Guidelines on Consumer Protection (UNGPC) as revised in 2015². The said Guidelines provide for principles that establish the availability of effective consumer dispute resolution and redress as a legitimate need. They provide principles for good business practice, i.e. to ensure businesses 'make available complaints-handling mechanisms that provide consumers

¹ <https://www.parliament.gov.zm/>

² <https://unctad.org/topic/competition-and-consumer-protection/un-guidelines-for-consumer-protection>

with expeditious, fair, transparent, inexpensive, accessible, speedy and effective dispute resolution without unnecessary cost or burden'. This makes consumers retain the confidence and trust to engage with individual traders, the market and enforcers resulting in a fair marketplace for all participants. Trust is an important element for the success of DFS.

In Zambia, like other countries, there are various institutions that ensure consumers obtain redress in the DFS space. Some of these comprise the Competition and Consumer Protection Commission (CCPC), the Bank of Zambia (BOZ) which is the central bank and the Zambia Information Communications Technology Authority (ZICTA). Some of the laws that exist in Zambia to protect DFS consumers include the CCPA, Information and Communications Technology Act (2009)³, the National Payment Systems Act (2007)⁴, the National Payment System on Electronic Money Issuance Directives (2018)⁵, BOZ Directive on handling complaints (2020)⁶ and the Electronic Communications and Transactions Act of 2021⁷. The Zambian government recently passed the Cyber Security and Cyber Crimes Act (2021)⁸ and the Data Protection Act (2021)⁹ to ensure consumers are safe as they transact via digital platforms.

Effective collaboration among all stakeholders in ensuring that consumers receive redress on the marketplace, is key. As such, in Zambia use of memoranda of understanding (MOU) is well practiced by the stakeholders. This has led to creation of Joint Working Groups (JWG) like the CCPC, BOZ, Securities and Exchange Commission (SEC) and PIA multi-sectoral MOU (MMOU) which enables the said stakeholders to work together on financial consumer complaints. CCPC and ZICTA also have a bilateral MOU. With these arrangements institutions are at liberty to investigate cases individually, jointly, conduct educational programmes jointly or refer cases to each other and ultimately ensure that consumer redress is handled effectively and expeditiously. Further, international cooperation also exists through bilateral MOU or through membership to international consumer protection networks

³ <https://www.parliament.gov.zm/>

⁴ <https://www.boz.zm/national-payment-systems-act.htm>

⁵ <https://www.boz.zm/201802Directive-NationalPaymentSystemsDirectivesonElectronicMoneyIssuance.pdf>

⁶ <https://www.boz.zm/BankofZambiaCustomerComplaintsHandlingandResolutionDirectives.pdf>

⁷ <https://www.parliament.gov.zm/>

⁸ Ibid

⁹ Ibid

like the International Consumer Protection and Enforcement Network (ICPEN)¹⁰ and the African Consumer Protection Dialogue¹¹.

DFS cases that CCPC investigates include failed ATM transactions where consumers are debited and it takes long to redress; sending money via mobile money to a wrong mobile phone number and failing to obtain quick redress; erroneously buying airtime instead of sending money to one's mobile money account using a bank online platform; wrong input of electricity account number thereby purchasing tokens for another customer's electronic meter and the service provider denying the consumer redress; and a consumer charged for using a debit card on low value transactions.

As a way forward, there is need for strong collaboration among key stakeholders such as service providers and regulators for information sharing and implementation of consumer redress. In addition, consumer education leading to consumer awareness of their rights and channels to lodge their complaints whenever they need to is equally important. It is key for all stakeholders to provide consumer education so that consumers do not engage in practices that compromise their security such as sharing their personal identification numbers (PIN). Furthermore, harmonisation of laws and regulations and agreeing on which institution should be the starting point for handling DFS consumer complaints is cardinal to making the process seamless. Service providers must also understand that the need for innovation does not stifle consumer redress. Finally, there is need to encourage cross border collaboration in enforcement of consumer cases and handling digital scams, among consumer protection agencies both at domestic and continental level, especially as we move towards the African Union and a broader global market for consumers.

¹⁰ ICPEN is an organisation composed of consumer protection authorities from 70 countries, representing some 5 billion global citizen-consumers, working together to combat fraudulent, deceptive and unfair trading practices.

¹¹ The African Consumer Protection Dialogue is an informal consumer protection dialogue among consumer protection government agencies/entities (the 'African Dialogue') in North, South, East and West Africa. The idea for the African Dialogue is to exchange consumer protection experiences, information and best practices and to organise informal monthly teleconferences among several regional agencies/entities to discuss current issues.

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