

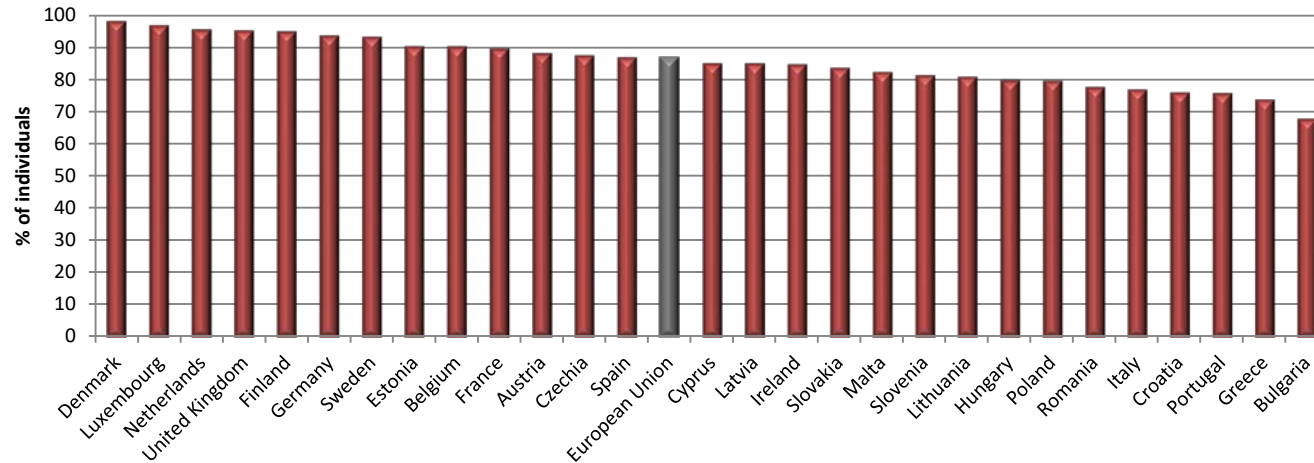
WHAT FUTURE FOR CONSUMER POLICIES

***Protection and empowerment in the
digital age***

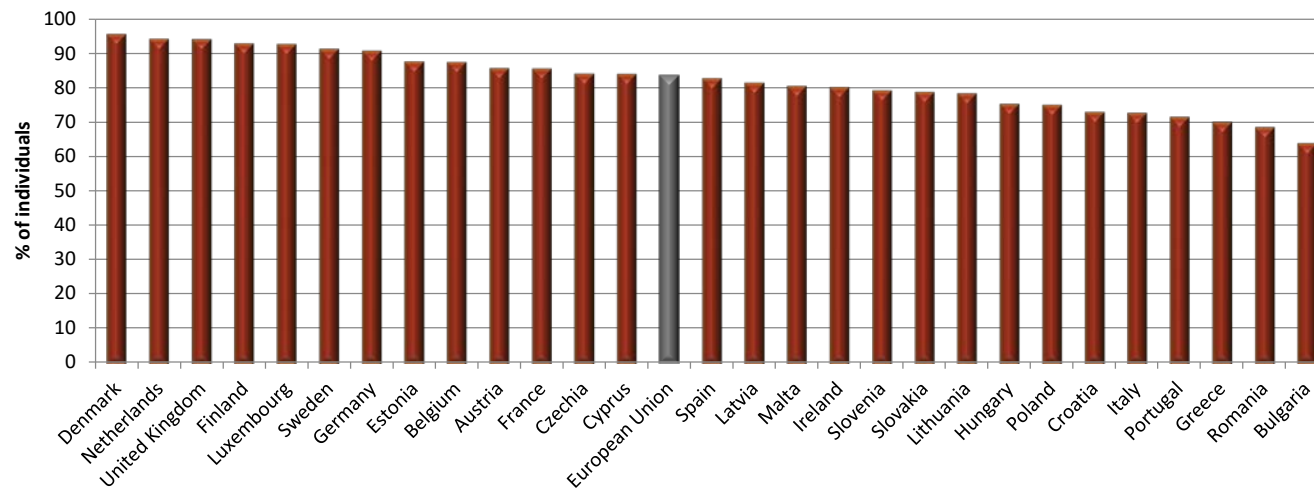


Internet usage

Internet users in the last 12 months (2018)

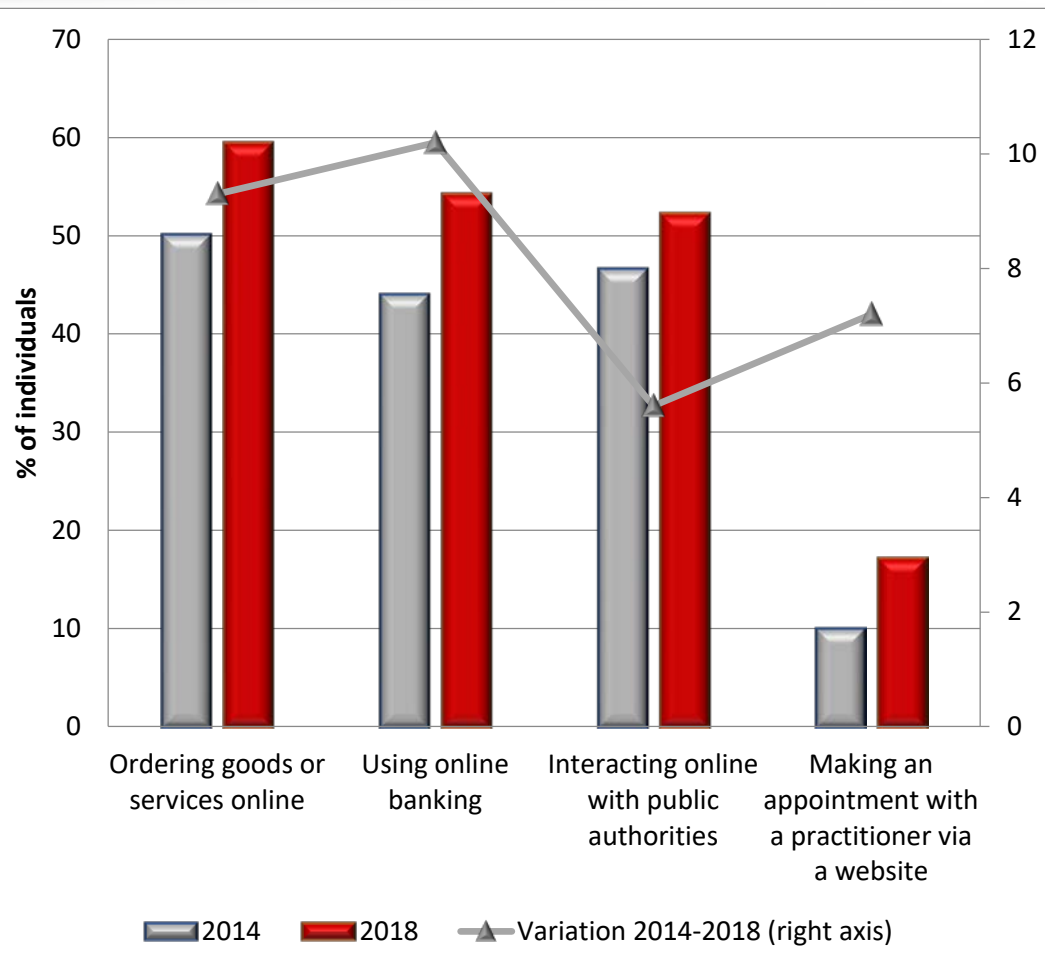


Regular internet users (at least once a week; 2018)

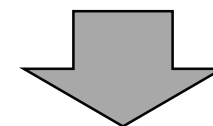


- Internet users in Europe have been growing significantly in recent years.
- 86.6% of people used the Internet at least once in 2018 and 83.1% were regular internet users.
- There are still wide differences among the EU countries. The northern Europeans remain at the forefront in Internet use, while Eastern European and Mediterranean countries are still positioned at the bottom-end of the ranking.

DESI indicators relative to European digital consumers

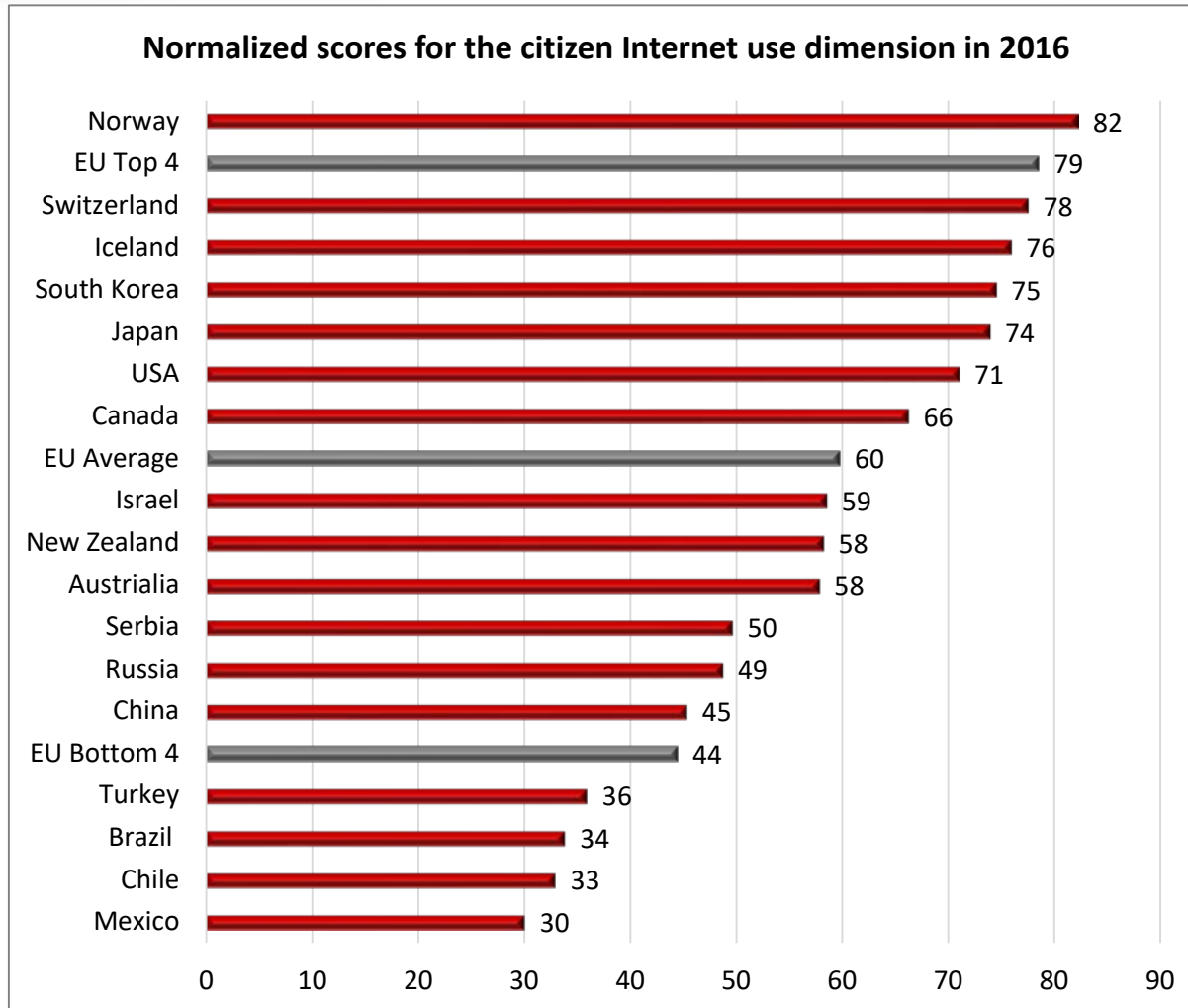


- **All main DESI indicators** on European digital consumers showed an increase from 2014 to 2018.



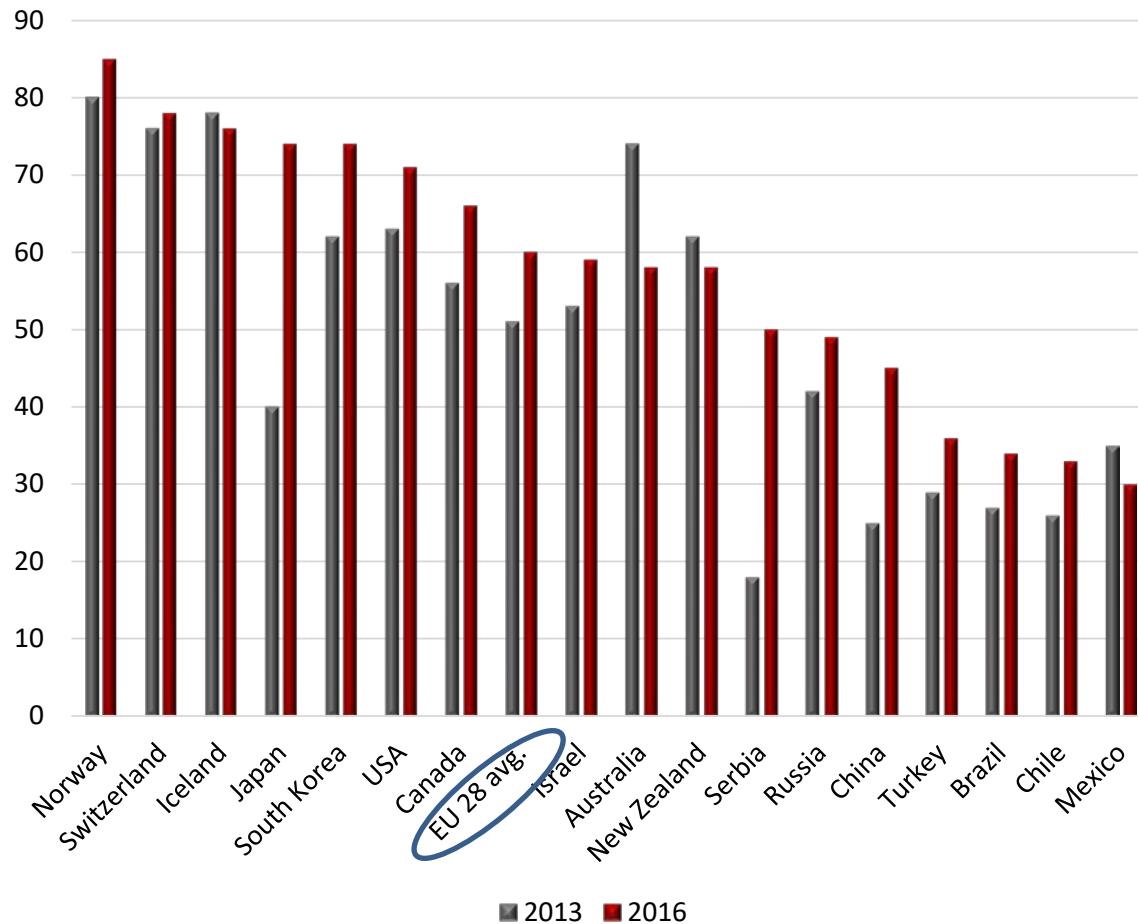
- **E-commerce** registered the highest performance, with 59.5% of European citizens ordering goods or services online in 2018, an increase of 9 points from 2014.
- **Internet banking** showed the fastest growing indicator record, with most progress occurring since 2014.
- **E-government services** saw 52.3% of EU citizens interacting online with public authorities in 2018, an increase of 5.6 points from 2014.
- **E-health** recorded the number of EU individuals using the Internet to make an appointment with a practitioner increased by 7 points compared to 2014 (10.1%).

Smart consumers in the international context – I-DESI (1)



- According to I-DESI, in 2016, the EU28 Member State average performance by citizen internet use dimension was 59.7.
- The top four EU28 Member States had an average score of 78.5. Only one non-EU country - Norway - exceeded this score. The top four EU28 were four points or more ahead of South Korea (74.5), Japan (73.9) and the US (71.0).
- The average score for the bottom four EU28 Member States was 44.4. This was just behind China (45.3), but ahead of four other non-EU countries.

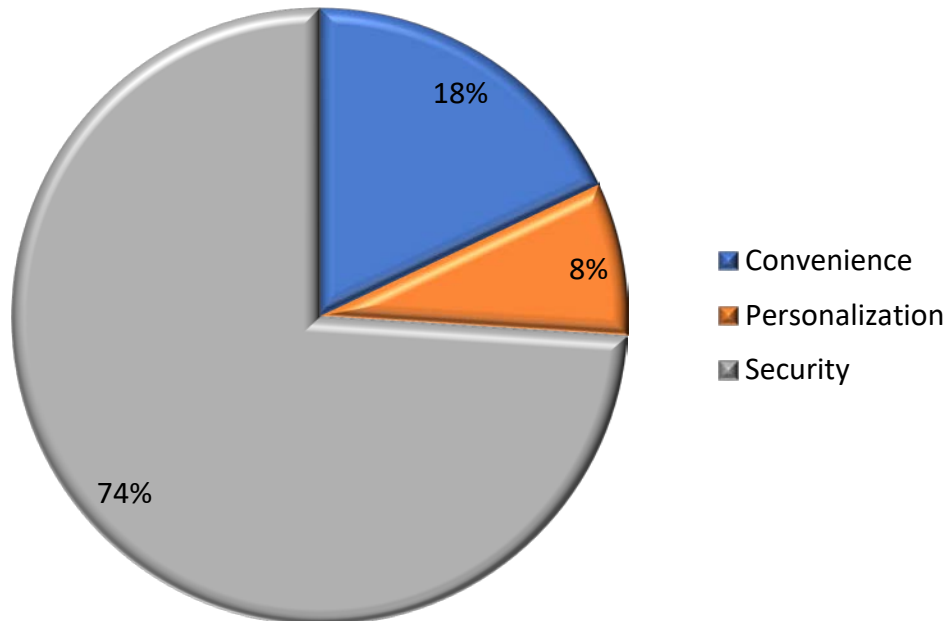
Smart consumers in the international context – I-DESI (2)



- The average EU citizen Internet Use score increased by 17% from 51.2 in 2013 to 59.7 in 2016.
- China, Japan and Serbia are the countries showing the most important improvements over time (80%, 85% and 178%, respectively).

New threats in the digital age. Consumers want security!

Most important elements of a consumers' online experience



- Digital transformation has not only had positive effects. The use of new digital channels has also resulted in new threats for consumers (e.g. financial loss, abuse of personal information or privacy breaches).
- According to a survey conducted for the Global Identity and Fraud Report, on a sample of over 10,000 consumers in 21 countries, **74% of digital consumers stated that security is the most important aspect of an online purchase.**
- Another interesting aspect is related to consumer trust in the different online market players. Banks and insurance companies result in having 61% of complete and high confidence statements, followed by digital payment platforms (55%) and government agencies (53%). The apps and sites of the social media are trusted only by 24% of consumers and only 4% say they are completely confident.

Shopping and e-commerce

- Proposal for a Directive on certain aspects concerning **contracts** for the supply of digital content (9 December 2015)
- Proposal for a Directive on certain aspects concerning **contracts for the online and other distance sales of goods**
- Regulation 2018/302 on **geo-blocking** (entered into force from 3 December 2018)
- Regulation (EU) 2018/644 on cross-border **parcel delivery services** (adopted on 18 April 2018, entered into force on 22 May 2018)

Consumer Protection

- **Regulation 2017/2394** (new Consumer Protection Cooperation Regulation) adopted (and applicable from 17 January 2020)
- **New Deal for Consumers** (11 April 2018): 2 proposals still ongoing

Internet and telecoms

- **European Electronic Communications Code** was approved and entered into force (December 2018)
- **Directive n. 2002/22/EC on universal service and user rights** relating to electronic communication networks and services

Artificial Intelligence and blockchain

- **European Approach to Artificial Intelligence** (April 2018)
- **Ethical Guidelines on Artificial Intelligence** (18 December 2018)
- **EU Blockchain Observatory and Forum** (1 February 2018)

Content

- **Online platforms:** April 2018 the Commission proposed an EU Regulation on promoting fairness and transparency for business users of online intermediation services. EU Institutions reached an agreement on February 13th
- **Sat-Cab Directive** (EU institutions reached an agreement on the Sat-Cab Directive last December)
- **New Copyright Directive** was proposed by the European Commission in September 2016 (on February 13, the European Parliament, the Council and the Commission came to a political agreement)

Data protection and online privacy

- **Regulation 679/16 (GDPR)** in force from 25 May 2018
- **Regulation 2018/1725** on the protection of natural persons in the processing of personal data by Union institutions, bodies, offices and agencies and on the free movement of such data (adopted on 23 October 2018)
- Proposal for a regulation concerning the respect for private life and the protection of **personal data in electronic communications** (proposed on January 10th 2017 while the procedure is still ongoing)
- **Regulation 2018/1807** on a framework for the **free flow of non-personal data** in the European Union (adopted on 14 November 2018)

Digital skills

- **Communication on the Digital Education Action Plan** (17 January 2018)

Consumer protection in the US and China



United States

- Consumer protection laws in the US are a form of government regulation existing at both federal and state levels.
- One of the most useful tools that has been introduced at the federal level to combat fraud against traditional and digital consumers is the **Consumer Sentinel Network** - a unique investigative cyber tool that provides members of the Consumer Sentinel Network with access to millions of consumer complaints.
- At the state level, it is interesting to analyze the **California Consumer Privacy Act of 2018**, that gives “consumers” four basic rights in relation to their personal information:
 - the right to know, through a general privacy policy and with more specifics available upon request, what personal information a business has collected about them, where it was sourced from, what it is being used for, whether it is being disclosed or sold, and to whom it is being disclosed or sold;
 - the right to “opt out” of allowing a business to sell their personal information to third parties
 - the right to have a business delete their personal information, with some exceptions;
 - the right to receive equal service and pricing from a business, even if they exercise their privacy rights under the Act.



China

- In 2014, China introduced a **New Consumer Protection Law**.
- The new law introduces a number of important reforms to the Chinese retail environment:
 - in allegations of counterfeiting, the onus of proof is now on the retailer to prove their innocence for the first 6 months after the sale, rather than the consumer to prove a wrongdoing, as was the previous case;
 - penalties for fraud and false advertising have been increased;
 - class-action lawsuits against retailer malfeasance have been made easier to file (though limited to state Consumer Associations and their local branches);
 - retailers are now required to accept returned goods within 7 days of purchase unless agreed otherwise;
 - for online and other types of delivery purchases, consumers are not required to provide a reason for returns;
 - greater restrictions now apply to retailers’ collection and use of consumer data.
- In 2018, the State Administration for Industry and Commerce (SAIC), launched an updated web-based national platform to better deal with consumer complaints and consultations regarding product quality.

Consumer protection in Japan and South Korea



Japan

- The Japanese consumer protection legislation is very strict.
- The most important laws of the country on this issue are **the Consumer Contract Act** and **the Specified Commercial Transactions Law**.
- The Consumer Contract Act allows consumers to cancel a contract when solicitation by service providers has been done in certain inappropriate ways and void contract terms and conditions are unfair to consumers.



South Korea

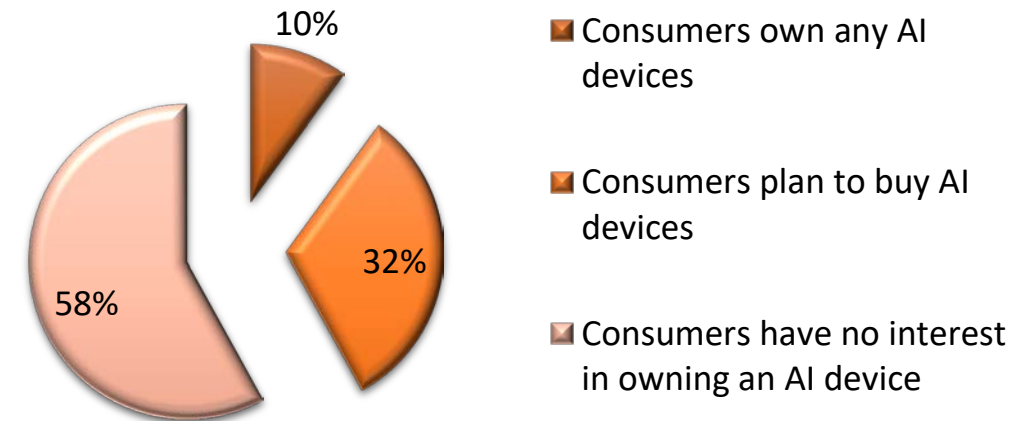
- South Korea has adopted **rules that facilitate the resolution of disputes between companies and consumers**.
- Civil disputes can generally be resolved faster and more conveniently if one uses the **Korean Consumer Agency** or other consumer organizations.
- If a dispute cannot be resolved by the Consumer Redress procedure, the consumer can request mediation by the **Consumer Dispute Settlement Commission (CDSC)**. The CDSC was established within the Korean Consumer Agency and has judicial power, so consumers do not need to obtain a separate judgment from the court. If both parties accept the decision made by the CDSC, it has the same judicial effects.

Artificial intelligence is the technology with the greatest impact on consumers in the future

The potential risks for consumers of the use of new technologies by companies are:

- lower quality of information provided and more difficult to communicate with (human) employees;
- responsibility for erroneous advice or for the wrongly placed orders unclear;
- risk of biased advice and growing information asymmetry (consumers are not necessarily able to evaluate the quality of advice provided to them);
- an even bigger impact on consumers' purchasing decisions (consumer takes a purchase decision he would not have taken otherwise);
- companies not only gain access to, but also an understanding of consumers' communications and can use it, for example for advertising purposes;
- business gains even more information about consumer's habits hence also when they are at home and when not, when they are sleeping, when they have guests etc. (privacy);
- risk of malfunctioning or hacking;
- risk of haphazard (uninformed) or erroneous purchases (e.g. as a result of a machine error).

Ownership of artificial intelligence (AI) devices (robots, automated 'personal assistants')



Source: PWC, Global Consumer Insights Survey 2018

* The survey was conducted on more than 22,000 consumers in 27 territories across the globe

Key questions

- a. Ensuring an effective and harmonized consumer protection is one of the most difficult goals for the EU. Are there regulatory differences among Member States hindering the achievement of this goal? What other policy developments would be likely/recommended in the future at EU level?*
- b. In digital society data protection, it is very important to ensure citizen trust. Do you think that the European regulatory framework is satisfactory? The GDPR entered into force in May 2018. Is an early assessment already possible? Is GDPR set to be emulated by other developed countries?*
- c. Several initiatives were launched by the Commission to encourage e-commerce development. Are they enough? Are there critical issues to be solved?*
- d. ADR, ODR, small claim procedure, class action: there are several remedies for consumers to defend their rights. What is your opinion about these remedies? Could it be useful to provide legal power to Online Dispute Resolution?*
- e. How can consumers be protected in the global market if companies from different countries are subject to very different laws? Would it be useful to share consumer protection rules with non-European countries? Is that achievable in the future?*
- f. How will digital transformation affect consumers? How should legislators address the introduction of new technologies? What risks can artificial intelligence bring to consumers? What measures need to be developed to ensure consumer protection relative to AI?*