



MAXIMISING CONSUMER VOICES IN DIGITAL FINANCIAL SERVICES POLICY-MAKING

Consumer organisations' engagement strategies



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EXECUTIVE SUMMARY

For digital financial services (DFS) to have significant economic and societal benefits, they need to be promoted in an environment that is fair for consumers. As these services expand and develop, it is becoming increasingly challenging for consumer organisations in low- and middle-income countries to navigate the complex policy space around them. DFS include delivery channels, digital business models and products and there are national and international stakeholders in the policy space.

This report examines examples and case studies of strategies and experience reported by members of the Fair Digital Finance Accelerator Network. These are consumer organisations who are advocating for fair, safe, data-protected and sustainable DFS. The report presents advocacy strategies that acknowledge the common challenges that consumer organisations face. Challenges include resource constraints, lack of funding, and the need to build technical expertise in DFS.

The advocacy strategies presented here recognise that the engagement consumer organisations have with regulators and policy-makers must be effective. More importantly, they recognise the need to make efficient use of thinly stretched resources and unstable funding. The strategies also reflect the belief that the ability of consumer organisations to collect evidence and reach out to vulnerable groups is the basis of stakeholder trust in advocacy.

As a guiding principle, this report recommends **a structure-and-process-based and evidence-based engagement strategy** for consumer organisations in DFS policy-making. DFS typically comes with heavy state intervention. Consumer organisations, therefore, should aim to create and leverage the structures and processes of state interventions by fostering institutional arrangements that reflect and support consumers' perspectives.

Stakeholder engagement is important for evidence-based policy-making, a process of making public policy decisions based on the best available evidence. Consumer organisations, which often already have the tools and capacity to reach a wide range of consumers, including vulnerable consumers, should take part in policy-making through evidence-based engagement and consumer advocacy.

Consumer organisations should build on their existing strengths and resources. Most consumer organisations are 'generalists', working on consumer protection and policy in a variety of fields. Consumer organisations should make use of their connections with the community, expertise from the consumer-centric perspective, and existing generalist or non-DFS staff and programmes.

Consumer organisations should support the creation and implementation of stable institutional foundations for policy-making structures and processes in the DFS policy space. Consumer organisations should strive to take part in the creation of a legal, regulatory, and policy-making framework for DFS. They should aim to become key players in the policy-making framework by serving on standing committees or entering partnerships with policy-makers via Memorandums of Understanding.

Consumer organisations should collect and analyse original consumer-focused data. They can gain the trust of stakeholders through evidence-based advocacy by, for example, participating in and bringing consumer perspective to government data collection processes, managing or accessing consumer complaint databases, or using and monitoring social media.

Consumer organisations should build and expand networks, despite limited funding, by working with volunteers, providing internships, making partnerships with academics, research institutions, legal clinics, and business associations to build expertise in DFS issues.

Consumer organisations should prioritise reaching out to vulnerable consumers when collecting data, conducting research and initiating financial education or inclusion exercises. With their deep grassroots connections, consumer organisations often already have the infrastructure to serve underprivileged or marginalised populations.



1. INTRODUCTION

1. OBJECTIVES OF THE REPORT

Digital financial services (DFS) are rapidly becoming a transformative force in driving financial inclusion, economic growth and empowerment. The development of digital finance, however, comes with considerably heightened risk. The high perception of risk vulnerability and the low level of consumer-centricity of financial consumer protection in DFS are of particular concern.¹

Historically, consumer organisations have taken part in developing and setting consumer policies.

Global stakeholders have also recognised the importance of elevating the collective consumer voice in financial regulation, consumer protection, and financial inclusion. Consumer organisations can play an important role in improving consumer protection and financial inclusion in low- and middle-income countries by collecting and elevating consumers' voices in DFS policy-making and regulation.²

Consumer organisations have voiced the concern that they lack the expertise, knowledge, and evidence to engage effectively with DFS authorities and policy-makers in order to bring the consumer's voice to the table. Members of the Fair Digital Finance Accelerator Network are already playing a crucial role in empowering consumers, raising awareness, and advocating for important issues in their respective jurisdictions, but often lack the resources to sustain, innovate, or scale their interventions.³ This means that, in low- and middle-income countries, consumers are often not present in financial regulatory and policy-making, and consumer protection metrics do not reflect their experiences and perceptions.⁴

The research in this report expands on Consumers International's previously published work shedding light on consumer advocacy in financial consumer protection. This includes *The role of consumer organisations to support consumers of financial services in low- and middle-income countries*, published in March 2021, *Digital finance: The consumer experience, 2023*, published in January 2023 and *Digital finance: The consumer experience in 2024*, published in February 2024. The Fair Digital Finance Accelerator is designed to develop more in-depth strategic insight into how consumer organisations can engage more effectively and efficiently with regulators and policy-makers to foster fair digital finance.

The main objective of this report is to inform and provide guidance to consumer organisations in low- and middle-income countries. It is based on survey results, examples and case studies of consumer organisations in the Fair Digital Finance Accelerator Network. It presents their strategies and experience in advocating for fair, safe, data-protected and sustainable digital finance. The report consolidates good practice from consumer organisations, gathered by interviewing Consumers International members, including Fair Digital Finance Accelerator Network members who have engaged in financial regulation or DFS policy with regulators and policy-makers.

1 <https://www.consumersinternational.org/media/451453/digital-finance-the-consumer-experience-2023-final.pdf>

2 Duflos, E., Griffin, M., & Valenzuela, M. (2021). *Elevating the collective consumer voice in financial regulation*. CGAP. https://www.cgap.org/sites/default/files/publications/2021_03_WorkingPaper_Collective_Consumer_Voice_updated.pdf

3 Consumers International. (2023). *Eight Fair Digital Finance Accelerator 2023 grants awarded to Consumers International Members*. <https://www.consumersinternational.org/news-resources/news/releases/eight-fair-digital-finance-accelerator-2023-grants-awarded-to-consumers-international-members/>

4 Consumers International. (2023). *Digital finance: The consumer experience, 2023*. <https://www.consumersinternational.org/media/451453/digital-finance-the-consumer-experience-2023-final.pdf>

The research found a great disparity in the participants' levels of specialisation in advocacy work.

Some organisations focused on general financial literacy-enhancing exercises, while others had a robust history of conducting deep-dive quantitative and qualitative research and proposing DFS product-specific policies via participation in various policy-making forums. Due to their short history of working in the DFS policy space, many of the consumer organisations interviewed for this report were not deeply involved with the political economy or stakeholder dynamics surrounding specific DFS issues. Consumer organisations typically reported that their relationships with policy-makers or regulators in DFS were either positive or sporadic. The recommendations and strategies that this report proposes reflect the Fair Digital Finance Accelerator Network members' diversity both in terms of DFS market development of each country as well as in the advocacy strategies that the consumer organisations deployed.

The report primarily aims to inform Fair Digital Finance Accelerator training. It proposes strategies through which Consumers International's current and future Fair Digital Finance Accelerator initiatives can enable consumer organisations to engage with and influence regulators and policy-makers in a meaningful way. It does this by providing guiding principles and broad recommendations with a variety of possible strategies and by showcasing examples and case studies primarily drawn from the experiences of the Fair Digital Finance Accelerator Network. These are not necessarily representative of best practice, but are rather, in part, an examination of the current status – including the limitations – of the Fair Digital Finance Accelerator Network members. They can also serve as 'stepping stones' for even less-developed organisations. In some cases, we draw examples or case studies from Consumers International member organisations in upper-income nations that are not Fair Digital Finance Accelerator members to offer as 'aspirational models'.

There are broader implications for consumer organisations in upper-income nations. While the primary targets of the report are Fair Digital Finance Accelerator Network members – i.e., consumer organisations in low- and middle-income countries – its broader guidance applies to organisations in upper-income nations as well. This is because DFS is an evolving policy space in which consumer organisations in upper-income nations are also struggling to build expertise and gain a foothold in policy-making.



2. METHODOLOGY AND STRUCTURE

The methodologies used for the report are as follows:

1. Interviews and free-response questionnaires from a select group of Consumers International's Fair Digital Finance Accelerator members from low- and middle-income countries and Consumers International staff working on the Fair Digital Finance Accelerator.
2. Interviews with non- Fair Digital Finance Accelerator Consumers International members from upper-income countries that therefore have deeper access to resources and expertise to engage in policy-making in financial consumer protection and DFS.
3. Participation in workshops and advisory meetings for the Fair Digital Finance Accelerator.
4. Participation and stakeholder discussions with Fair Digital Finance Accelerator Network members at Consumers International Global Congress 2023 (6-8 December 2023, Nairobi, Kenya)
5. Desk research and substantiated third-party documents to supplement these interviews and free-response questionnaires.

The interviews or questionnaire topics were as follows:

1. Identifying the services, products and policies of focus for consumer organisations that work primarily in the DFS policy space.
2. Identifying the consumer challenges or harms and the proposed solutions.
3. Understanding the current level of expertise, funding and resources for DFS consumer advocacy.
4. Identifying the nature of government or regulatory engagement in DFS and identifying the relevant government authorities.
5. Implementation progress and challenges.
6. Understanding overall strategies including collaboration with stakeholders.
7. Identifying initiatives for vulnerable consumers.

Due to the high level of variability that consumer organisations had in terms of their experience and capacity in DFS consumer advocacy, the amount and type of information that each organisation provided varied greatly. Language and technical barriers meant that some organisations communicated only in writing (i.e., written answers to questionnaires), while we interviewed some via video conference. The organisations submitted their interviews and questionnaires from September to October 2023.

Background of the author. The author is an attorney-at-law and the Director of Financial and Digital Regulatory Policy of Consumers Korea, a consumer advocacy organisation based in the Republic of Korea and a member of Consumers International Fair Digital Finance Accelerator Advisory Committee. The author has previous work experience in financial regulations and compliance in a private law firm and as an in-house counsel at the Financial Supervisory Service of Korea, the country's primary financial watchdog. The author holds a doctorate in law with a specialisation in the institutional structure of financial regulation. Observations in the report regarding Consumers Korea's activities are based on the author's first-hand experience from working on DFS issues at Consumers Korea.

Structure of the report. The next section introduces the values and challenges of consumer advocacy in DFS. It gives an overview of the definition and scope of DFS, the major consumer challenges and the stakeholders. Section three introduces strategies for maximising consumer voices in DFS. It recommends a structure-and-process-based and evidenced-based consumer advocacy strategy for DFS with the aim of creating a more durable foundation from which consumer organisations can sustain advocacy in DFS. Section four concludes with implications and recommendations for consumer organisations and future Fair Digital Finance Accelerator initiatives.

II. CONSUMER ADVOCACY AND DIGITAL FINANCIAL SERVICES POLICYMAKING

1. VALUES AND CHALLENGES IN BRINGING THE CONSUMER VOICE TO BEAR

Consumer organisations are essential actors in the institutional frameworks for effective consumer protection.⁵ They represent the voice of the consumer through participation in the policy-making processes that, in turn, help to inform government policies. Consumer organisations play vital roles in educating, advising, representing and counselling consumers. They reduce the imbalances between businesses and consumers by empowering consumers and enabling them to make informed decisions.

Elevating consumer voices, especially those of vulnerable segments of society, is critical for the responsible delivery of DFS.⁶ Ensuring the engagement of the collective consumer voice can make DFS policy-making fairer in two ways. First, by being present at the table, consumers, particularly vulnerable groups, can advocate for their needs; and second, the collective voice can correct asymmetries of information and power in financial markets.

Influencing public policy, however, can be difficult particularly for those with limited power and resources. One of the key difficulties is that the development of public policy is rarely a linear process. Public policy evolves through complex interactions and negotiations among a range of stakeholders, which can include politicians, interest groups, advisers, bureaucrats and others.⁷

Furthermore, consumers and consumer organisations typically face a severe collective action problem in organising and voicing the consumer's perspective. Consumer voices are heterogeneous, as they have varying needs, abilities and opportunities to protect themselves. Consumers are, as a group, too large, diffuse and heterogeneous to produce the desired level or type of regulation effectively.⁸

Consumer organisations are typically underfunded, especially compared to industry groups. Their limited government or private funding puts them in a precarious position compared to industry groups and lobby groups. Given these resource constraints, especially for consumer organisations in low- and middle-income countries, effective and efficient use of resources is imperative if they are to achieve their consumer advocacy goals.

Consumer organisations in low- and middle-income countries typically struggle to source consistent financing. There are either no legal obligations for governments to fund these organisations, or despite obligations, governments fail to do so. Private funding based on subscription-models or private philanthropy and volunteer-based participation is also scarce. This makes it more challenging for consumer organisations to sustain their efforts to build specialised skills, establish a consistent presence, build resilience and ultimately, to represent consumers in the DFS policy-making process.

5 United Nations Conference on Trade and Development (UNCTAD). (2020). *Report on consumer associations*. https://unctad.org/system/files/official-document/ditccplp2019d2_en.pdf

6 Duflos, E., Griffin, M., & Valenzuela, M. (2021). *Elevating the collective consumer voice in financial regulation*. CGAP. https://www.cgap.org/sites/default/files/publications/2021_03_WorkingPaper_Collective_Consumer_Voice_updated.pdf

7 Cullerton, K., Donnet, T., Lee, A., & Gallegos, D. (2018). Effective advocacy strategies for influencing government nutrition policy: a conceptual model. *The international journal of behavioral nutrition and physical activity*, 15(1), 83. <https://doi.org/10.1186/s12966-018-0716-y>

8 Olson, M. (1971). *The logic of collective action: Public goods and the theory of groups*. Harvard University Press.

Limited state capacity and a weaker legal basis for government intervention in DFS can be an additional challenge. While limited state capacity is a concern for most consumer financial protection regulators around the world, regulators in low- and middle-income countries face a more difficult task because they are attempting to tackle DFS challenges while simultaneously establishing a baseline financial consumer protection regulatory framework.

2. DIGITAL FINANCE AND CONSUMER PROTECTION

a. Definition and Scope of DFS

Defining digital financial services (DFS). This report understands DFS as a wide-ranging area, encompassing digital delivery channels, digital business models and digital products.⁹ The definition is intentionally expansive, in order to include (i) types of financial services, such as payments, transfers, savings accounts, credit, insurance, securities, financial planning and other financial products, and (ii) all types of providers of financial services, including banks, payment providers and other financial institutions, telecommunications companies, financial technology (FinTech) start-ups, retailers, and other businesses. Broadly defining the DFS policy space allows us better to support ‘generalist’ consumer organisations that are typically not limited by specific products or business lines in their consumer advocacy work.

The scope of DFS continues to expand and evolve. Mobile money is the leading driver of the ‘first wave’ of DFS expansion, especially in low- and middle-income countries. In particular, according to the 2020 Mobile Money Prevalence Index, published by the Global System for Mobile (GSM) Association, sub-Saharan Africa (i.e., Côte d’Ivoire, Zimbabwe, and Rwanda, which are countries of Fair Digital Finance Accelerator Network that are active in the DFS field) has a very high level of mobile money penetration.¹⁰ Mobile money accounts in sub-Saharan Africa also provide a basis for more sophisticated financial services, such as digital lending and insurance.¹¹ In upper-income nations, the DFS space is continuously expanding into novel financial products such as cryptocurrencies (i.e., including Ethereum and Bitcoin) and decentralised finance (DeFi),¹² NFT, and BNPL,¹³ which pose high risks to consumers.

9 Chien, J., Dias, D.L., Grist, C.M., Stewart, F.E., Symonds, R.L., Natarajan, H., Zottel, S., Traversa, M., Holtzer, P. *Good practices for financial consumer protection: 2017 edition*. World Bank Group. <http://documents.worldbank.org/curated/en/492761513113437043/Good-practices-for-financial-consumer-protection-2017-edition>

10 GSMA. (2021). *The mobile money prevalence index (MMPI): A country-level indicator for assessing the adoption, activity and accessibility of mobile money*. https://www.gsma.com/mobilemoneymetrics/wp-content/uploads/2021/09/MMPI_The_Mobile_Money_Prevalence_Index.pdf

11 Pazarbasioglu, C., Garcia Mora, A., Uttamchandani, M., Natarajan, H., Feyen, E., and Saal, M. (2020). *Digital financial services*. World Bank Group. <https://pubdocs.worldbank.org/en/230281588169110691/Digital-Financial-Services.pdf>

12 Makarov, I. & Schoar, A. (2022). *Cryptocurrencies and Decentralized Finance (DeFi)*. *Brookings Papers on Economic Activity*, Spring, 141-196. <https://www.brookings.edu/articles/cryptocurrencies-and-decentralized-finance-defi/>

13 CFPB. (2023). *Consumer use of buy now, pay later: Insights from the CFPB Making Ends Meet survey*. <https://www.consumerfinance.gov/data-research/research-reports/consumer-use-of-buy-now-pay-later-insights-from-the-cfpb-making-ends-meet-survey/>



Box 1: Examples of DFS¹⁴

Payment services: Other terms for this service include a mobile or digital wallet, mobile money and e-money. These allow the user to send money to other subscribers, to pay bills, and to hold money in an account. Some early digital payment providers are M-Pesa in East Africa and G-Cash in the Philippines. Paypal is another large, internet payment service.

Digital credit: This refers to loans that banks, non-bank financial institutions and FinTech lenders make available via the internet.

Insurance and pension products offered digitally or embedded with product sales: Retailers of electronics or goods, or travel brokers who offer insurance bundled and sold at the point of sale.

Digital savings and investment products (including crypto assets): Products (like cryptocurrencies, including Ethereum and Bitcoin) that licensed banks or FinTech companies offer in collaboration with banks or separate entities.

Industry-specific digital financial services: Agritech companies that might provide financing, as well as marketing, promotion and sales support for farmers (for example, Crowde in Indonesia, which provides inputs like seeds and fertiliser and arranges for sales prior to harvest, in addition to loans to small-holder farmers).

Buy now, pay later (BNPL): A type of instalment loan that typically allows consumers to purchase something immediately, with little or no initial payment and to pay off the balance over four or fewer payments.¹⁵ It offers consumers an alternative means of financing certain purchases, in place of cash or credit.

b. Consumer Challenges in DFS

The nature of consumer risks is expanding in line with the advancement of technology and the expansion of DFS products.¹⁶ DFS risks have grown both more serious and more varied over time; CGAP recognises at least 66 types of consumer risk. The broad categories of risk include fraud, data misuse, lack of transparency, inadequate redress, agent-related, and network downtime. More specific examples include SIM swap fraud, data breaches, social engineering scams, unlicensed investment products or Ponzi schemes, mobile app fraud, biometric identity fraud, authorised push payment (APP) scams, synthetic identity fraud and AI-related risks (i.e., algorithmic biases).¹⁷ Expansion of technology such as new data trails, combined with enhanced data analytics capabilities, contributes to the expansion of the varieties of consumer risks.¹⁸

14 Consumers International. (2022). *DFS training module 1*, 5.

15 CFPB. (2024). *What is a buy now, pay later (BNPL) loan?* <https://www.consumerfinance.gov/ask-cfpb/what-is-a-buy-now-pay-later-bnpl-loan-en-2119/>

16 Duflos, E. & Coetzee, G. (2022). Rethinking consumer protection: A responsible digital finance ecosystem. CGAP. <https://www.cgap.org/blog/rethinking-consumer-protection-responsible-digital-finance-ecosystem>

17 Chalwe-Mulenga, M., Duflos, E. & Coetzee, G. (2022). The evolution of the nature and scale of DFS consumer risks: A review of evidence. CGAP. <https://www.cgap.org/blog/rethinking-consumer-protection-responsible-digital-finance-ecosystem>

18 Duflos, E., & Medine, D. (2023). Consumer & data protection: A new approach to intersecting risks. CGAP. <https://www.cgap.org/blog/consumer-data-protection-new-approach-to-intersecting-risks>

Consumers in different nations face different challenges. Consumers International 2022 surveys show that Fair Digital Finance Accelerator members experience a variation across indices for financial consumer protection and financial inclusion in DFS. Fair Digital Finance Accelerator members interviewed for this report each identified a different set of leading challenges for their nations. For example, Consumer Council Zimbabwe named access, cost, safety and security as its top challenges. In Cote d'Ivoire, the Ivorian Consumers Association cited as important consumer issues the expiration of mobile operators' prepaid data and the rise of (illegal) online lending platforms. ADECOR (Rwanda) was concerned about the lack of redress mechanisms, high finance charges, limited skills and financial education.

Consumer organisations must determine when and where to intervene. Given the breadth of the policy space, the speed of evolution and the variety of consumer risks in DFS, consumer organisations must prioritise the allocation of resources and attention to specific DFS issues. A variety of factors, such as the salience of the issue (did the topic gain recent media attention, or was it actively discussed by regulators or legislature) can help them to weigh these priorities. The trends and prevalence of the phenomenon can also be relevant factors. These include the extent of a product's adoption, the scope of consumer harm and the 'ripeness' or urgency regarding the timing of intervention in the market.

Consumer organisations might call for broader changes or specific action plans. For example, some consumer organisations work to increase consumer awareness and consumer empowerment in general, while others focus on more specific actions such as a reduction in charges or fees, or an increase in accessibility to ATMs in rural areas.

Each of these proposed solutions calls for a different type of interaction with different stakeholders.

c. DFS stakeholders: Complex policy-making ecosystem and conflicting mandates

The DFS ecosystem in low- and middle-income countries is complex and includes several types of national and international stakeholders. Nationally, legislators, regulators and industry actors such as mobile network operators (MNOs) and FinTech operators are the main stakeholders.¹⁹ Internationally, stakeholders are more likely to be development banks, donors and global FinTech companies.²⁰ The ways that consumer organisations interact with these different stakeholders depend on their objectives. This section lays out the ways in which consumer organisations can engage with each type of stakeholder to influence DFS policy-making.

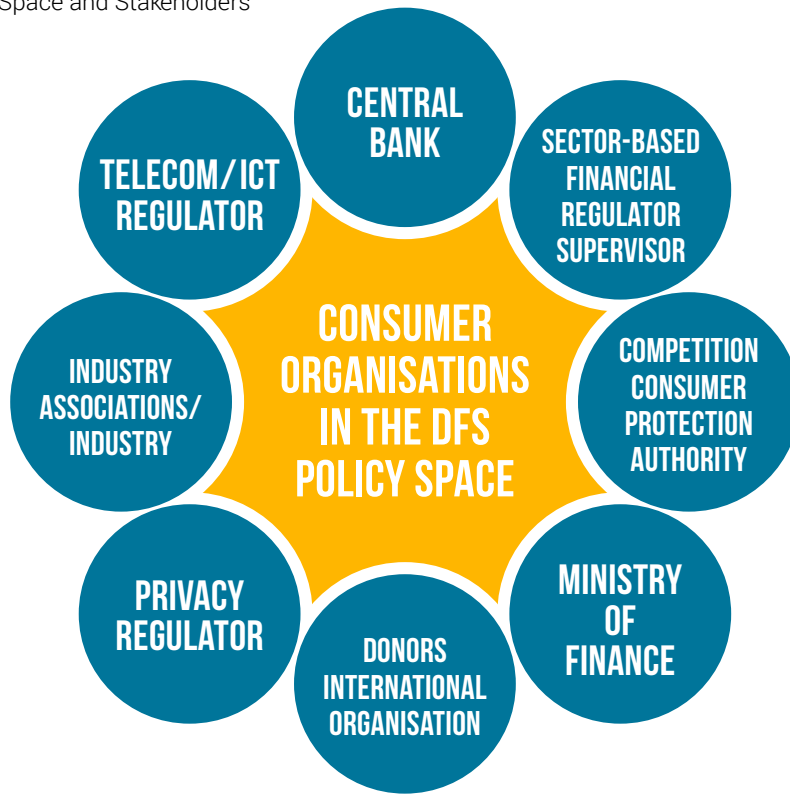
The DFS policy space involves multiple government agencies. The central bank, as the primary financial regulator, usually has a leading role, while policy-makers and regulators in adjacent fields such as telecommunications, digital rights, privacy, competition and consumer protection authority can also be involved. Sometimes there is a government agency with a financial consumer protection mandate.²¹ Figure 1 shows that multiple policy-makers have overlapping remits in the DFS policy space.

19 Consumers International. (2022). *DFS training module 5*.

20 Grossman, J. (2017). ITU-T focus group digital financial services. International Telecommunication Union. https://www.itu.int/dms_pub/itu-t/opb/tut/TUT-DFS-2017-3-PDF-E.pdf

21 Alliance for Financial Inclusion. (2022). *Digital financial services regulation: Current state of practice report*. <https://www.afi-global.org/publications/digital-financial-services-regulation-current-state-of-practice-report/>

Figure 1. DFS Policy Space and Stakeholders



Consumer organisations can have concurrent relationships with one or more of the DFS policy-makers. For example, information and communication technology (ICT) network infrastructure issues such as high hardware prices, low internet penetration rate and providing access to the rural population are urgent consumer challenges in DFS that might not come under the purview of the central bank.²² Many consumer organisations actively engage with central banks as well as with regulators related to DFS, enabling infrastructure or ancillary government support systems.

Box 2: Consumer organisations working with multiple DFS policymakers

Consumer Council Zimbabwe (CCZ) has identified the following policy-makers involved in the DFS space: The Ministry of Finance and Economic Development, the Postal and Telecommunications Regulatory Authority of Zimbabwe (POTRAZ), the Reserve Bank of Zimbabwe (RBZ), the Deposit Protection Corporation Zimbabwe (DPC), and the Insurance and Pension Commission (IPEC). CCZ works with several policy-makers to conduct consumer education for financial literacy. For example, CCZ engaged in various education partnerships and outreach programmes with POTRAZ, IPEC, and RBZ on the themes of fair digital financial services, financial literacy and inclusion.²³

In Morocco, FNAC has identified the Bank Al-Maghrib (the central bank), the Ministry of Trade and Industry, and the Competition Council as regulators in the DFS space. The FNAC, which receives funding from the Ministry of Commerce, works with the Ministry of Commerce (Division de protection du consommateur), as well as the Bank Al-Maghrib on DFS issues.²⁴

22 Pazarbasioglu, C., Garcia Mora, A., Uttamchandani, M., Natarajan, H., Feyen, E., and Saal, M. (2020). *Digital financial services*. World Bank Group. <https://pubdocs.worldbank.org/en/230281588169110691/Digital-Financial-Services.pdf>
23 CCZ Questionnaire.
24 FNAC Questionnaire.

In India, CUTS (INDIA) works primarily with the Reserve Bank of India (the central bank), but is also involved with other DFS policy-makers, including the Ministry of Finance, the Ministry of Consumer Affairs and the National Payments Corporations of India, as well as state governments.²⁵

Industry and industry associations are also involved in DFS policy-making as stakeholders, as a part of a self-regulatory regime or as standard-setting bodies. Here, 'self-regulation' means regulation (and/or supervision) by any body that the regulated entities, rather than the government supervisor, controls.²⁶ The association of microcredit companies, the association of finance companies, bankers' associations, MNOs and internet service providers (ISPs) can all be key stakeholders who are engaged in DFS policy-making. While there are concerns about the effectiveness of self-regulatory regimes, many governments choose to use self-regulation over direct state regulation/supervision due to its cost-effectiveness or for political reasons.²⁷ Consumer organisations can work with these industry stakeholders by participating in committees, forums and information exchanges to represent consumer interests in industry-led self-regulation.

3. CHALLENGES IN CONSUMER ADVOCACY FOR DFS

Aside from the general challenges that consumer organisations face, advocacy in the DFS space presents unique challenges – such as the collective action problem – that exacerbate these issues.

Difficulties in identifying consumer risks in DFS. It is generally difficult to define and identify consumer harm or consumer risks in DFS. They are often latent or invisible in the short term and tend to involve widespread harm in small amounts for the individual consumer. Financial contracts typically involve mid- to long-term consequences (i.e., maturity of the loan, insurance policy term, savings account term length).²⁸ Problems of hidden fees and risks from over-indebtedness, for example, can arise long after a party has entered a financial contract. Data misuse or data breaches can occur well after a financial transaction has been terminated. Furthermore, researchers have barely examined cybersecurity in low- and middle-income countries, let alone understood and documented it, but this lack of clarity can leave consumers in these countries highly vulnerable to cybersecurity attacks.²⁹

Difficulties in measuring and documenting consumer risk in DFS. Measuring consumer detriment and the impact of consumer policy is a complex endeavor.³⁰ Determining consumer detriment from DFS is even more challenging. Consumer risk in DFS tends to be small for the individual consumer, but widespread in nature (for example, minimal hidden fees for a large group of consumers³¹). Some types of harm such as discrimination are easy to understand but notoriously difficult to prove.³² In contrast,

25 CUTS Questionnaire.

26 Christen, R.P., Lyman, T., & Rosenberg, R. (2008). Guiding principles on regulation and supervision of microfinance. In *Current developments in monetary and financial law*, Vol. 4. International Monetary Fund. <https://www.elibrary.imf.org/display/book/9781589065079/ch012.xml>

27 Christen, R.P., Lyman, T., & Rosenberg, R. (2008). Guiding principles on regulation and supervision of microfinance. In *Current developments in monetary and financial law*, Vol. 4. International Monetary Fund. <https://www.elibrary.imf.org/display/book/9781589065079/ch012.xml>

28 Campbell, J.Y., Jackson, H.E., Madrian, B.C., & Tufano, P. (2011). Consumer financial protection. *Journal of economic perspectives* 25(1), 91-114. <https://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.25.1.91>

29 World Bank Group. (2024). *Cybersecurity multi-donor trust fund*. <https://www.worldbank.org/en/programs/cybersecurity-trust-fund>

30 OECD. (2020). *Measuring consumer detriment and the impact of consumer policy. Feasibility study* (OECD Digital Economy Papers, No. 293). [https://one.oecd.org/document/DSTI/CP\(2019\)13/FINAL/En/pdf](https://one.oecd.org/document/DSTI/CP(2019)13/FINAL/En/pdf)

31 Mazer, R. (2016). Kenya ends hidden costs for digital financial services. CGAP. <https://www.cgap.org/blog/kenya-ends-hidden-costs-for-digital-financial-services>

32 Bartlett, R., Morse, A., Stanton, R., & Wallace, N. (2019). *Consumer-lending discrimination in the FinTech era* (National Bureau of Economic Research Working Paper Series No. 25943). NBER. <https://www.nber.org/papers/w25943>

emerging risks such as algorithmic biases require advanced technical training to identify.³³ These issues make it difficult for consumer organisations to identify, document and prove to policy-makers, courts and redress panels the existence and extent of the harm. Ultimately these characteristics of consumer risks pose a challenge to consumer organisations as they seek to build a coherent and compelling advocacy strategy in the DFS policy space.

Expertise and knowledge are expensive to acquire and difficult to achieve. Historically, finance has been an area in which expertise for both regulators and consumer organisations was lacking compared to the industry. Advanced degrees in economics, finance, business, or law are typically necessary and training in complex compliance regimes takes time and resources. The emergence of DFS calls for qualifications in engineering, computer science and data science. The pay gap between the private sector and public sector in these fields is typically high, making it more expensive for consumer organisations to attract and retain talent in these fields. Also, unlike traditional areas of consumer advocacy such as food or product safety, third party tests are often underdeveloped or non-viable options in the DFS policy space.

The DFS market is diverse, fast-paced, and evolving. DFS includes various financial products, as well as the technologies to support the production and distribution of those products. The nature of the risk in both the technology and the market evolves quickly. Technologies that help easy and low-cost distribution of the product can simultaneously spread the harm broadly and with lightning speed. Often laws, regulations and regulators cannot keep up, and by the time consumer advocates have studied and identified the problem, the harm is widespread and most likely, irreversible. For example, consumer advocates have been warning consumers about the risks of cryptocurrencies for years, while the regulators generally took a ‘wait and see’ approach. The recent collapse of cryptocurrency exchanges has resulted in irreversible global consumer harm.

The legal and regulatory landscape is underdeveloped and complex, with gaps and overlaps in jurisdictions and laws. Laws and regulations in the DFS space are still nascent, so adequate protection for consumers might not yet exist, especially in low- and middle-income countries. Consumers in DFS might receive less protection than consumers of traditional financial services if there are gaps in the coverage of the countries’ existing regulatory and oversight framework. The countries’ existing laws and regulations might not extend to DFS products or might not address risks equivalent to those of traditional finance products. For example, deposit insurance might not cover e-money, which Mobile Network Operators (MNOs) issue, and a country’s central bank might not cover it the way it would cover traditional bank deposits.³⁴ Furthermore, consumers might not understand the differences in the levels of protection and the risks that DFS involves, as compared to traditional financial products.³⁵ An underdeveloped DFS regulatory framework can make it difficult for digital banks and FinTech to operate in the country and might limit their ability to serve customers effectively.³⁶ But more importantly, this underdeveloped regulatory landscape can exacerbate challenges in consumer advocacy for DFS, as consumer organisations would need to advocate for long-term policy development of those frameworks (i.e., influencing legislative and regulatory policy) as well as supporting consumers with immediate challenges (i.e., seeking consumer redress for a particular consumer complaint).

33 Lee, N.T., Resnick, P., & Barton, G. (2019). Algorithmic bias detection and mitigation: Best practices and policies to reduce consumer harms. *Brookings*. <https://www.brookings.edu/articles/algorithmic-bias-detection-and-mitigation-best-practices-and-policies-to-reduce-consumer-harms/>

34 Defina, R., Van Roosebeke, B., & Manga, P. (2021). *E-money and deposit insurance in Kenya*. *International Association of Deposit Insurers*. https://mpr.ub.uni-muenchen.de/111007/1/MPRA_paper_111007.pdf

35 World Economic Forum. (2021). *Digital currency consumer protection risk mapping*. Digital Currency Governance Consortium White Paper Series. https://www3.weforum.org/docs/WEF_Digital_Currency_Consumer_Protection_2021.pdf

36 World Bank. (2021). *Consumer risks in Fintech: New manifestations of consumer risks and emerging regulatory approaches*. <http://hdl.handle.net/10986/35699>

Multiple regulators share jurisdiction over the same policy space and sometimes the same product but might lack comprehensive approaches. The cross-cutting nature of DFS often involves multiple regulators, for example the central bank, the financial regulator/supervisor, the Ministry of Communications or of IT, the data protection authority and the competition/consumer protection authority. A single transaction can involve multiple legal or regulatory regimes, including data privacy, contract laws and financial consumer protection laws.

However, **authorities might not be able to create a comprehensive approach.** For example, they might treat consumer protection and data protection as separate concerns, despite the fact that they intersect over the need to protect vulnerable consumers.³⁷ This complexity and uncertainty makes it more challenging for consumers to address the root of the problems as they seek recourse; they might not know which policy point to enter, or who has jurisdiction over the issues.

Conflicting or inconsistent government policy goals can also present challenges to consumer advocacy. Because digital finance is still nascent technology in some countries, policy-makers struggle to balance many policy goals, such as innovation, economic development and technology and industry development goals, as well as seeking fairness, and inclusive or consumer-protective finance. Central banks might also have concerns about the monetary supply and financial stability.³⁸ Consumer organisations that are not typically involved in the initial development of DFS policies might not fully recognise policy implications.³⁹ Navigating the political economy and influencing policy-makers whose policies might be inconsistent across different government branches presents an additional challenge for consumer organisations.⁴⁰

Change is incremental and typically involves broader market and infrastructure support. Several consumer organisations in low- and middle-income countries report that access, cost, safety and security are the primary challenges for consumers in the DFS space. For example, the internet penetration rate in Zimbabwe is reported to be at 50.1%.⁴¹ However, a digital framework and stable and affordable internet connectivity involves infrastructure and market development over which consumer organisations have little influence, at least in the short term.

37 Duflos, E., & Medine, D. (2023). Consumer & data protection: A new approach to intersecting risks. CGAP. <https://www.cgap.org/blog/consumer-data-protection-new-approach-to-intersecting-risks>

38 Defina, R., Van Roosebeke, B., & Manga, P. (2021). *E-money and deposit insurance in Kenya*. International Association of Deposit Insurers. https://mpr.ub.uni-muenchen.de/111007/1/MPRA_paper_111007.pdf

39 Bangladesh Interview.

40 CUTS Questionnaire.

41 CCZ Questionnaire.

III. EFFECTIVE STRATEGIES FOR MAXIMIZING CONSUMER VOICES IN DFS

1. GUIDING PRINCIPLES

We have developed and collected the following advocacy strategies, examples and case studies with the belief that beyond being effective, consumer organisations must make efficient use of thinly-stretched resources and unstable funding. Through in-depth interviews with consumer organisations, we have learned that consumer organisations vary widely in terms of their DFS experience and capacity. The common thread, however, is that they face resource constraints, and need to build expertise and technical knowledge in DFS.

Guidelines for building effective DFS advocacy strategies. With this in mind, the guiding principles for DFS advocacy strategies are that they should be structure-and-process based and evidence based. The aim is to create a more reliable foundation from which consumer organisations can sustain activities and build expertise in the fast-paced and ever-evolving DFS policy space.

Why structure-and-process-based advocacy? Structure-and-process-based consumer advocacy describes the idea that consumer advocates should, whenever possible, become part of the policy-making structure and process. It derives from recognition that a government's administrative structures and processes are important in determining the relative influence of different stakeholders in the policy-making process.⁴²

DFS typically comes with heavy state intervention, whether by encouraging technological innovation and development, and financial inclusion or by curbing risky or fraudulent DFS practices. As such, there are many opportunities for consumer advocates to engage with DFS government initiatives. Consumer organisations, therefore, should take measures to create and leverage structures and processes of state interventions by fostering institutional arrangements that reflect and support consumers' perspectives in DFS.

Why an evidence-based consumer advocacy strategy for DFS? The importance of evidence-based policy-making and stakeholder engagement is gaining traction in several national and international policy circles and among academics.⁴³ Evidence-based policy-making refers to a process of making public policy decisions based on the best available evidence, and the 'evidence' here is presumed to be the result of systematic research.⁴⁴ The Organisation for Economic Co-operation and Development (OECD) is committed to promoting evidence-based policy-making; its official guidance on best practices and regulations is explicitly premised on the notion that government decision-making should be evidence-based.⁴⁵

42 McCubbins, M. D., Noll, R. G., & Weingast, B. R. (1989). Structure and process, politics and policy: Administrative arrangements and the political control of agencies. *Virginia Law Review*, 75(2), 431–482. <https://doi.org/10.2307/1073179>

43 Davis, K. (2019). The limits of evidence-based regulation: The case of anti-bribery law *NYU Law and Economics Research Paper No. 19-42*. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3490807

44 Davis, K. (2019). The limits of evidence-based regulation: The case of anti-bribery law *NYU Law and Economics Research Paper No. 19-42*.

45 OECD. (2020). *Building capacity for evidence-informed policy-making: Lessons from country experiences*. (OECD Public Governance Reviews). <https://www.oecd.org/gov/building-capacity-for-evidence-informed-policy-making-86331250-en.htm>

Stakeholder engagement is important for evidence-based policy-making. The OECD recognises that citizens and businesses can provide valuable input on policies and regulations based on practical feasibility and day-to-day experiences.⁴⁶ While many OECD nations consult with stakeholders after a law or regulation is drafted, engaging stakeholders earlier in the process can be more effective at identifying problems and gathering data on and ideas for possible solutions. Especially in developing DFS, stakeholders, including consumer organisations, can not only help to identify developing risks, but also enable providers to design and deliver customer-centric financial services and products.⁴⁷

Consumer organisations often already have the tools and capacity to reach out to a wide range of consumers, including vulnerable ones, which is the basis of evidence-based consumer advocacy.

Consumer organisations generally have a grassroots presence and community confidence. They also might have survey skills, reliable relationships with the media and networks with other academics, research institutions, the broader civil society and consultants and vendors from whom they can gather evidence. In fact, consumer organisations' ability to conduct consumer research and reach out to voiceless vulnerable groups might be the very reason why they are trusted sources in stakeholder consultations.

2. SPECIFIC STRATEGIES, CASES, AND EXAMPLES

The following insights, examples and case studies stem primarily from interviews and questionnaires with consumer organisations that are members of the Fair Digital Finance Accelerator Network. This report does not focus on a particular product or distribution channel, but rather, on innovative and foundational ways that consumer organisations can encourage fair, safe and inclusive DFS.

a. Establishing the presence of consumer advocacy: Build on existing foundations

Each consumer organisation should build on the strengths and resources that it already has in place. No two consumer organisations are alike in terms of their level of experience, funding, and relationships with communities and other stakeholders. Consumer organisations, especially those that are new to the DFS policy space, generally lack technical expertise in DFS. But each brings a unique viewpoint and the experience that it has gained from non-DFS consumer advocacy, campaigns, research and media communications. This allows them to build on their grassroots connections with the community, their expertise in the consumer-centric perspective and their current generalist or non-DFS staff and programmes.

Working with the community. Consumer organisations have often functioned for decades with broad regional networks and grassroots connections.⁴⁸ Organisations that have already built strong relationships with the community can serve as liaisons with policy-makers who can enable various forms of consumer advocacy in DFS. Consumer organisations can also use their grassroots presence to conduct field research.

46 OECD. (2021). Stakeholder engagement. In OECD Regulatory Policy Outlook 2021 - Policy Brief: Evidence-based policy making and stakeholder engagement. <https://www.oecd.org/gov/regulatory-policy/chapter-two-evidence-based-policy-making-and-stakeholder-engagement.pdf>

47 CGAP. (2023). *Customer-centric guide*. <https://customersguide.cgap.org/>

48 Consumers International. (2023). *Digital finance: The consumer experience, 2023*. <https://www.consumersinternational.org/media/451453/digital-finance-the-consumer-experience-2023-final.pdf>



Box 3: Building on grassroots presence and trust in the community

- **Consumer Council Zimbabwe's deep relationship and trust with the community**

Consumer Council Zimbabwe (CCZ)'s deep relationships and trust within the community come into play to mobilise communities to gather at government-led initiatives and events. Consumer organisations can provide platforms for dialogue between consumers and government on new policies or interventions. In co-sponsored events with the government, CCZ typically serves as the mobiliser, facilitator and moderator, while also teaching attendees their consumer rights. After the government speaker's presentation, attendees have a Q&A session with the regulators. In some instances, these have been able to resolve consumer complaints immediately. Regulators have noted that the strength of consumer organisations is the consumers' interest in CCZ which allows regulators to interact peacefully with attendees.⁴⁹

- **ADECOR (Rwanda)'s district ambassadors help consumer research**

In Rwanda, ADECOR has more than 30 consumer ambassadors or consumer representatives in each district helping with field research, data collection, awareness campaigns, consumer complaint management and other related activities. ADECOR (Rwanda) prefers physical (in-person) over online field research because it enhances accuracy and is a more effective way to work with a population with low levels of literacy. In 2019, ADECOR (Rwanda) researched levels of DFS consumer fraud in seven districts, including Nyarugenge, Gasabo, and Kicukiro in Kigali City, the Rubavu district in the western province, Musanze in the northern province, the Nyanza district in the southern province, and the Kayonza district in the eastern province. Field research activities included translating questionnaires into the local language (Kinyarwanda).⁵⁰

Fostering and maintaining good partnerships with the primary consumer protection authority and focusing on consumer policy perspectives. Most consumer organisations are 'generalists', working on consumer protection and policy in a variety of fields, often by partnering with consumer protection authorities in their countries. DSF regulators or policy-makers might have expertise in finance, economics or technology but might be less familiar with basic principles of consumer protection, such as disclosure and transparency, fair treatment and business conduct, contractual rights, data protection and privacy. In these cases, consumer organisations can bring consumer perspectives to DFS policies by highlighting to policy-makers the importance of these principles.

49 CCZ Interview.

50 ADECOR. (2019). *Assessment on the fraud in financial services and barriers by financial services providers and consumers in Rwanda*.



Box 4: Building on partnerships with consumer protection authorities

Fair Digital Finance Accelerator Network members that have yet to work on DFS-specific issues can leverage their existing reputations and strong partnerships with consumer authorities.

- **CADEF (Nigeria)'s close relationship with the consumer authority**

CADEF (Nigeria) does not have specialised DFS staff and does not work on DFS-specific issues. It does, however, have strong partnerships with the Nigerian Federal Competition and Consumer Protection Commission. The Commission regularly requests updates on what CADEF is doing and relies on CADEF to let it know when they need the Commission to be part of its activities.⁵¹

- **Consumer Association of Bangladesh's reputation and relationship with consumer authority**

Founded in 1978, the Consumer Association of Bangladesh (CAB) is a well-respected, non-government, non-profit voluntary organisation dedicated to the protection and promotion of consumers' rights and interests in the country. CAB works closely with the Directorate of Consumer Rights Protection and, as a consumer representative, sits on numerous committees (both government and non-government).

Drawing on in-house staff with non-DFS specific skills, or on external consultants and vendors to work on DFS issues. Most consumer organisations do not have specialist staff working exclusively on DFS issues. Instead, they rely on existing generalist staff, advocacy specialists, campaigns and communications, digital rights perspectives, product testing specialists, and policy and legal specialists. Consumer organisations should leverage the capacities of these existing institutional resources when dealing with DFS issues. They might also consider turning to external experts on a need-based, project-based basis.⁵²



Box 5: Case study: Consumer Reports (USA) development and application of the Fair Digital Financial Framework

Established in 1936, Consumer Reports (USA), formerly Consumers Union (CU), has been one of the most influential non-profit consumer organisations in the world for more than eighty years. Its magazine, Consumer Reports, was the most popular source of consumer information in the United States for a long time.⁵³ Consumer Reports (USA) conducts independent product testing, investigative journalism, consumer-oriented research, public education and consumer advocacy. Consumer Reports (USA) employs more than 600 product testers, journalists, scientists, engineers and investigators.

Consumer Reports (USA) has created the Fair Digital Finance Framework to evaluate digital finance products in order to raise standards, strengthen consumer protections and empower consumers. Development of the Framework relied on a landscape analysis of domestic and international research, regulatory standards, frameworks, and guidelines.

51 CADEF Interview.

52 AIC Questionnaire.

53 Brobeck, S. (ed). (1997). Encyclopedia of the consumer movement. ABC-CLIO.

The Framework stipulates the following seven principles:

- Principle 1. (Safety) Digital finance products are secure and minimise risks
- Principle 2. (Privacy) People have control over their data and understand what is collected, how it is used, and with whom it is shared
- Principle 3. (Transparency) Digital finance companies communicate with users in a complete and meaningful way
- Principle 4. (User-Centricity) Digital finance products and services centre on user needs and experiences
- Principle 5. (Support for Financial Well-being) Digital finance products and services are designed to benefit consumers and support consumer financial well-being
- Principle 6. (Inclusivity) Digital finance products and services seek to minimise barriers to access and use
- Principle 7. (Environmental, Social, Governance) Digital finance companies are committed to environmental responsibility, social responsibility, and corporate governance.

In January 2023, Consumer Reports (USA) published the case study report, *Peer-to-peer payment apps: A case study for a digital finance standard*, by applying part of the Framework to evaluate peer-to-peer (P2P) payment apps. In May 2023, Consumer Reports published another case study report, *Buy now, pay later: A case study for a digital finance standard*, using a subset of the Framework's principles to evaluate BNPL products.

The development of the Framework and its use in subsequent product evaluations build on Consumer Reports (USA)'s decades of experience:

- Consumer Reports (USA) has been conducting advocacy work on consumer finance for more than fifty years.
- Many elements of the Framework stem from Consumer Reports (USA) Digital Standard which Consumer Reports (USA) Digital Rights advocacy team (which works on data privacy, safety, broadband access, and competition) developed.
- The tests for DFS products are an outgrowth of Consumer Reports (USA)'s product testing functions. In 2017, as a part of this function, Consumer Reports (USA) rated the largest banks, credit unions, and online banks.⁵⁴
- In developing the Framework, Consumer Reports (USA) worked with its survey team, which conducts quantitative and qualitative consumer research for an initial analysis of consumer priorities in DFS. Even though some of these in-house facilities and staff are not involved in day-to-day DFS work, the team can draw on standard Consumer Reports (USA) research approaches or leverage prior approaches to build its DFS policy expertise.
- In addition to engaging with external stakeholders (industry representatives, academics, consumer advocates, and regulators) in the development process of the Framework, Consumer Reports (USA) engaged an external vendor to evaluate products against the Framework.

54 Consumer Reports. (2017). *Bank & credit union ratings*. <https://www.consumerreports.org/money/banks-credit-unions/>



Box 6: CUTS developed expertise by drawing from existing staff and experience⁵⁵

CUTS (India) has four decades of experience in working on financial services issues, generating awareness and redressing grievances. The organisation has about eight years of experience in the relatively new DFS area.

In this time, CUTS (India) has dived deep into areas of digital payments, market structure, digital credit, frauds and grievance redress. The organisation has dedicated full-time teams working on thematic areas like competition, regulation, investment, consumer protection and governance. When CUTS (India) makes internal decisions to learn more about specific DFS-related issues, it draws on professionals within these teams.

Its funding sources include external donors, private industry, the government and its own organisational savings, but it does not have sustained funding for working on DFS. Often funding is issue-specific and for a limited period, which hinders CUTS (India)' ability to continue its initiatives and ensure change.

b. Fostering structures and processes for DFS consumer advocacy

Given the rapid development of DFS and the precarious nature of funding for DFS consumer advocacy, consumer organisations should support the creation and functioning of **stable institutional foundations for policy-making structures and processes** in the DFS policy space.

Such institutional foundations include legal, regulatory and supervisory frameworks as well as oversight bodies explicitly responsible for financial consumer protection for DFS. Because such institutions are still fluid in the DFS space, this is where even less-established consumer organisations can build an impact. This would allow consumer organisations to take a pivotal role in the formation of such institutions or take on new opportunities in stakeholder discussions for DFS that is responsive to consumer needs.

Participate in creating a legal framework for DFS and become a key player in the regulatory framework. Consumer organisations can advocate for a clear legal framework that establishes an effective regime for financial consumer protection in DFS.⁵⁶ A DFS legal regime can be sector-specific; that is, it can cover a specific DFS product or line of business (i.e., payment services). Alternatively, having a strong baseline general consumer protection framework can also lead to robust financial consumer protection in DFS. Consumer organisations can influence policy development by participating in the drafting of such legal and regulatory frameworks applicable to DFS. Such participation places consumer organisations within the DFS policy-making ecosystem, creating further opportunities to influence policy.

⁵⁵ CUTS questionnaire.

⁵⁶ Chien, J., Dias, D.L., Grist, C.M., Stewart, F.E., Symonds, R.L., Natarajan, H., Zottel, S., Traversa, M., Holtzer, P. *Good practices for financial consumer protection: 2017 edition*. World Bank Group. <http://documents.worldbank.org/curated/en/492761513113437043/Good-practices-for-financial-consumer-protection-2017-edition>



Box 7: ADECOR (Rwanda)'s participation in drafting laws and regulations

ADECOR (Rwanda)'s participation in drafting laws and regulations for financial consumer protection led to further DFS policy-making opportunities. ADECOR (Rwanda) took part in the drafting of the Financial Consumer Protection Law (FCP Law) and its related regulations, which the Rwandan government enacted in March 2021. Until then, the laws relevant to financial consumer protection had been limited and insufficient.⁵⁷

The comprehensive FCP Law is the first in Rwandan financial history solely to protect the financial service consumer. It introduced mechanisms for financial services consumer protection and provides the regulations and systems that will implement it. In general, the new regulation aims to achieve the following: expand the National Bank of Rwanda (BNR)'s oversight authority; address fraud of customer accounts; provide for increased transparency in the rendering of financial services; provide guidance for the handling of consumer complaints and for enhancing consumer empowerment within the sector; shed more light on key features of the financial service model contract; regulate pricing issues and charges, such as penalties and unfair charges within the sector; and monitor the advertising of financial services and products as well as the handling of consumer personal information.

Its participation in drafting of the FCP Law led to further opportunities for ADECOR (Rwanda) in the DFS policy space, such as serving at the Technical Committee under the National Bank of Rwanda. It also helped it to secure funding from donors such as the World Bank and the Anne Fransen Fund.

Develop initiatives with the evolution of the market and government policy initiatives in DFS.

DFS is an evolving and expanding policy space, and each nation is at a different level of development. Some governments are embracing DFS by adopting policies to create demand for it, such as giving consumers incentives to switch to DFS,⁵⁸ and using DFS as a tool to stimulate technological innovation or economic development.⁵⁹ Others are adopting policies to address consumer protection risks in DFS, for example, mandating clear, timely, and standardised disclosure, or adopting data protection and privacy laws and regulations. Consumer organisations should be prepared to evolve with the development of the policies and markets.



Box 8: CUTS (India)'s involvement with the evolution of market and government policy regarding financial regulation

Building relationships with financial regulators in the pre-DFS phase. Since its establishment in 1983, CUTS (India) has interacted with both financial and consumer protection regulators. Initially, the regulators engaged with consumer organisations like CUTS (India) to generate awareness, build capacity, and dispel myths about formal financial services. For example, CUTS (India) had a role in the Depositor Education and Awareness Fund (DEAF), and the Securities Market Awareness

57 World Bank. (2013). *Rwanda diagnostic review of consumer protection and financial literacy: Volume 2. Comparison with good practices*. <https://openknowledge.worldbank.org/entities/publication/000613e3-5fc4-5b00-a31a-1e346275305b>

58 Pazarbasioglu, C., Garcia Mora, A., Uttamchandani, M., Natarajan, H., Feyen, E., and Saal, M. (2020). *Digital financial services*. World Bank Group. <https://pubdocs.worldbank.org/en/230281588169110691/Digital-Financial-Services.pdf>

59 Li, J., Shujun, Y., & Yujin, Z. (2023). How digital finance promotes technological innovation: Evidence from China. *Finance Research Letters*, 58, Part A. <https://www.sciencedirect.com/science/article/abs/pii/S1544612323006700>

Campaigns (SMAC), both of which financial regulators ran. CUTS (India) was a longstanding beneficiary of each of these programmes, and also acted as a bridge between regulators and consumers.⁶⁰

Focus and role after the post-DFS phase. Over the past decade, the focus of the regulators shifted from challenges around consumer awareness about traditional products, to their access to digital products. Digital literacy, users' comfort with DFS and the building of trust and confidence in the digital ecosystem were some of the government's concerns. CUTS (India) worked on issues such as digital literacy, privacy and data protection and digital grievance redress, as well as challenges regarding consumers' access to and financial inclusion for DFS. More recently, CUTS (India) has been involved in deep-dives specific to DFS products, such as (i) fraud and social engineering mechanisms surrounding digital payments, (ii) the relevance, amount and format of information disclosure and privacy disclosures that will avoid information overload and (iii) the suitability of digital lending products to low-income consumers, who do not have recurring incomes, amid the proliferation of digital lending apps. Using government-generated grants, CUTS (India) runs consumer grievance redress centres for the western and northern parts of the country.

Advocate for institutional arrangements such as regulatory and supervisory structures for DFS.

Institutional arrangements, such as oversight bodies explicitly responsible for DFS, which have the necessary authority, are among the key components of a fair and safe DFS framework.⁶¹ Institutional arrangement here refers to the organisation and structure of the agencies responsible for the policy-making, regulation and supervision of DFS, as well as the capacity, resources and processes of the relevant agency. Although new service providers have emerged in the DFS space, they are often unsupervised and lack effective regulation.⁶² Having a strong baseline financial consumer protection framework that oversees both DFS and the non-digital financial sector can lead to robust financial consumer protection in DFS.



Box 9: Institutional arrangements regarding financial consumer protection for DFS

Authorities responsible for financial consumer protection increasingly face the challenge of developing or adapting regulations to address these DFS-generated risks. Regulators often identify their limited internal technical expertise as the foremost impediment to regulating and supervising alternative finance.⁶³ The following are examples of authorities working on financial consumer protection issues for DFS.

- **Financial consumer protection for DFS in upper-income countries**

Following the global financial crisis of 2008, the US Congress passed the Dodd-Frank Act, which created the Consumer Financial Protection Bureau (CFPB), a government agency dedicated to protecting consumers in their dealings with banks, lenders and other financial institutions. The CFPB stands at the forefront of consumer protection in DFS issues. These are some recent CFPB initiatives in the DFS space:

60 CUTS Interview.

61 G20 (Group of Twenty)/OECD. (2022). High-level principles on financial consumer protection 2022. https://web.archive.oecd.org/2022-12-12/648348-G20_OECD%20FCP%20Principles.pdf

62 Duflos, E. & Coetzee, G. (2022). Rethinking consumer protection: A responsible digital finance ecosystem. CGAP. <https://www.cgap.org/blog/rethinking-consumer-protection-responsible-digital-finance-ecosystem>

63 World Bank. (2021). *Consumer risks in Fintech: New manifestations of consumer risks and emerging regulatory approaches*. <http://hdl.handle.net/10986/35699>

- In 2022, the CFPB outlined options to strengthen consumers' access to and control over their financial data, as a first step before it issued a proposed data rights rule that would implement section 1033 of the Dodd-Frank Act.⁶⁴
- in 2022, the CFPB issued a legal interpretation to ensure that companies that use and share credit reports and background reports have a permissible purpose under the Fair Credit Reporting Act. The CFPB's new advisory opinion makes clear that credit reporting companies and users of credit reports have specific obligations to protect the public's data privacy.⁶⁵
- in 2023, the CFPB issued guidance about certain legal requirements to which lenders must adhere when using artificial intelligence and other complex models.⁶⁶
- in 2023, the CFPB proposed that it should supervise larger non-bank companies that offer services like digital wallets and payment apps.⁶⁷
- in 2023, the CFPB highlighted the impacts of BigTech companies' policies and practices that govern tap-to-pay on mobile devices like smartphones and watches.⁶⁸
- In 2023, the CFPB published an issue spotlight on the digital payment apps that consumers and businesses use most heavily. The analysis finds that funds stored on these apps might not be safe in the event of a financial crisis, since they might not be in accounts with federal deposit insurance coverage.⁶⁹

• Financial consumer protection for DFS in low- and middle-income countries

Several Fair Digital Finance Accelerator Network members, including those based in Yemen, Morocco, and India, identified their country's central bank as their main contact on the DFS issues, and work closely with these banks. The Yemen Association for Consumer Protection conducts direct communication with the central bank through the Director General of Payment Systems.⁷⁰ Often these central banks are at the forefront of financial consumer protection for DFS in their respective nations. For example, the Reserve Bank of India has issued guidelines on digital lending to deter fraud and protect customers' data.⁷¹

Consumer organisations can be potent partners cooperating with, or supplementing, DFS authorities who might lack the resources or capabilities. Consumer organisations can assist authorities in identifying the unregulated or unsupervised high-risk areas in DFS and in establishing the regulatory perimeter. Consumer organisations should ensure that institutional arrangements deal with specific consumer DFS challenges.⁷² Consumer organisations should also ensure that the authorities prioritise robust oversight for financial consumer protection and privacy rules, in addition to financial stability or innovation, and industry development in DFS.

64 CFPB. (2022). *CFPB kicks off personal financial data rights rulemaking*.

<https://www.consumerfinance.gov/about-us/newsroom/cfpb-kicks-off-personal-financial-data-rights-rulemaking/>

65 CFPB. (2022). *Permissible purposes for furnishing, using, and obtaining consumer reports*. <https://www.consumerfinance.gov/rules-policy/final-rules/fair-credit-reporting-permissible-purposes-for-furnishing-using-and-obtaining-consumer-reports/>

66 CFPB. (2023). *CFPB issues guidance on credit denials by lenders using artificial intelligence*. <https://www.consumerfinance.gov/about-us/newsroom/cfpb-issues-guidance-on-credit-denials-by-lenders-using-artificial-intelligence/>

67 CFPB. (2023). *CFPB proposes new federal oversight of big tech companies and other providers of digital wallets and payment apps*. <https://www.consumerfinance.gov/about-us/newsroom/cfpb-proposes-new-federal-oversight-of-big-tech-companies-and-other-providers-of-digital-wallets-and-payment-apps/>

68 CFPB. (2023). *CFPB report highlights role of big tech firms in mobile payments*. <https://www.consumerfinance.gov/about-us/newsroom/cfpb-report-highlights-role-of-big-tech-firms-in-mobile-payments/>

69 CFPB. (2023). *CFPB finds that billions of dollars stored on popular payment apps may lack federal insurance*. <https://www.consumerfinance.gov/about-us/newsroom/cfpb-finds-billions-of-dollars-stored-on-popular-payment-apps-may-lack-federal-insurance/>

70 Yemen Questionnaire.

71 ETBFSI Research. (2022). *RBI's guidelines on digital lending to deter fraud, protect customers' data*. <https://bfsi.economicstimes.indiatimes.com/news/policy/rbis-guidelines-on-digital-lending-to-deter-fraud-protect-customers-data/93480483>

72 AIC Questionnaire.



Box 10: Consumer organisations supplement the capabilities of state institutions during times of crisis

Lebanon is currently experiencing an economic and financial crisis with hyperinflation and rapidly depreciating currency. Political unrest and corruption have weakened regulatory authorities and disrupted the judiciary and state institutions which resulted in improper application of consumer protection laws and delayed legal actions. Despite the corrosion of consumer trust in state institutions, consumer organisations such as Consumers Lebanon have been able to retain consumer confidence and to supplement the role of the state through positive media coverage about their consumer awareness campaigns.⁷³

Advocate for the creation of formal consultative structures, such as consumer advisory bodies or consumer councils for DFS to foster stable relationships with policy-makers. Several international bodies have recognised that policy-makers should reach stakeholders where they are, and engaging in public consultation by creating consultative structures is a way to achieve that.⁷⁴ Consultative structures can differ based on the degree of formality, length of existence (i.e., ad hoc or standing), their mandate and the extent to which regulators identify and seek consultations from stakeholders outside of the government. In practice, changes in policy or political leadership lead governments to stop calling for meetings, rarely invite consumer organisations and even dismantle consultative structures. Therefore, whenever possible, consumer organisations should seek to create more stable foundations for the consultative structure. These might include (i) institutionalising consumer seats for the relevant consultative bodies in laws and regulations, (ii) mandating meeting frequency, or appropriate funding for the consultative bodies, or (iii) explicitly calling for the inclusion of consumer voices in certain processes and procedures.



Box 11: Advocating for the establishment of, and participation in, consumer advisory bodies

- **Ivorian Consumers Association (Côte d'Ivoire) contribution to the establishment and operation of QSF**

In Côte d'Ivoire, the creation of the Observatory for the Quality of Financial Services (OQSF) led to a permanent contract for consumer organisations to work on DFS issues. The **Ivorian Consumers Association (Côte d'Ivoire)** is a permanent consultative member of the OQSF, serving as a bridge between consumers and this permanent government body. OQSF ensures the functioning of the digital finance system in Côte d'Ivoire. Decree No. 2016-1136 established the organisation on 21 December 2016. The OQSF plays the role of mediator between users and financial service providers. These providers include credit establishments (as defined by banking regulations), DFS, money establishments (as defined by the Central Bank of West African States (BCEAO)), insurance companies within the meaning of the insurance code and the financial services of the administration or the post office.

⁷³ Consumers Lebanon Questionnaire.

⁷⁴ Duflos, E., Griffin, M. & Valenzuela, M. (2021). *Elevating the collective consumer voice in financial regulation*. CGAP. https://www.cgap.org/sites/default/files/publications/2021_03_WorkingPaper_Collective_Consumer_Voice_updated.pdf/ OECD. (2021). Stakeholder engagement. In OECD Regulatory Policy Outlook 2021 - Policy Brief: Evidence-based policy making and stakeholder engagement. <https://www.oecd.org/publications/oecd-regulatory-policy-outlook-2021-38b0fdb1-en.htm>

- **CUTS (India)s' involvement in several advisory bodies**

CUTS (INDIA) is part of several governmental advisory bodies,⁷⁵ including the electricity regulator and the telecom regulator. CUTS (India) is also one of the consumer organisations registered with the government Department of Consumer Affairs. CUTS (India) also sits on the advisory boards of financial sector regulators such as the Reserve Bank of India.⁷⁶

- **Consumers Korea (Republic of Korea)s involvement in financial dispute resolution bodies and regulator meetings with financial regulators**

Since 2002, Consumers Korea, along with other consumer organisations, has been involved with the policy-making process of the Financial Supervisory Service (FSS), Korea's financial sector regulator. This includes quarterly meetings and agenda-setting meetings at the beginning of the year. Over time, meeting topics have included financial education, consumer disputes about credit cards and the prevention of financial fraud i.e., voice phishing or smishing (using text messaging). Representatives of Consumers Korea have also served as members of the FSS's financial dispute resolution body.

For a more stable relationship with policy-makers, consumer organisations can consider entering a Memorandum of Understanding (MoU) with stakeholders. Parties use MoUs in a variety of situations to formalise joint projects and other collaborations. MoUs that are non-enforceable (legally non-binding) can be a quick and informal way to sketch out the terms of a relationship for further collaboration with stakeholders. Consumer organisations can enter into MoUs with more than one regulator in the DFS space.



Box 12. Using MoUs to establish stable relationships with stakeholders

- The Consumer Council Zimbabwe has entered an MoU with POTRAZ (the telecom regulator) for the purpose of educating consumers about the country's postal, telecommunications, and courier services. POTRAZ's main obligations under the MoU are to provide the Consumer Council Zimbabwe with promotional material (i.e., banners, leaflets, and other relevant literature), and to cover the costs of transportation, fuel, and the mobilisation of participants and attendees. The Consumer Council Zimbabwe's main obligation is to effect that mobilisation.
- ADECOR (Rwanda) has signed collaborative MoUs with different government institutions, including the Ministry of Trade and Industry (MINICOM), the Rwanda Competition and Consumer Protection Authority (RICA), the Rwanda Utilities Regulatory Authority (RURA) and the Association of Microfinance Institutions in Rwanda (AMIR).

75 CUTS interview.

76 CUTS International. (n.d.). *Submission to the Reserve Bank of India for managing concentration risk and promoting competition and innovation in retail payments sector*. https://www.cuts-ccier.org/pdf/CUTS_Submission_to_RBI_on_Innovation_and_Competition_in_Retail_Payments.pdf

Strive for consistency in being part of the policy-making network by showing up at meetings with new data and perspectives. Although consumer organisations sometimes struggle to balance their DFS work with their other activities, consistent participation shows DFS authorities that the organisations are reliable and fosters familiarity among the representatives. Fair Digital Finance Accelerator Network members who have positive relationships with DFS authorities note that they “respond daily to all invitations addressed to the Association”, “never failing to make proposals for access and security in relation to DFS.”⁷⁷

c. **Evidenced-based consumer advocacy: Research and collect original data as evidence**

Original data in DFS policy-making is valuable. Due to the newness and volatility of the field, many consumer challenges regarding DFS not have yet been clearly documented, leaving policy-makers unaware of them. These policy-makers might have insufficient staff, time, or capacity to engage consistently in evidence-based policy-making.⁷⁸ To fill this gap, consumer organisations are a valuable source of consumer-centric data and can serve as a link for policy-makers to better understand consumer challenges.

International financial institutions have recognised the necessity of data in financial inclusion and financial policy. The financial inclusion of consumers involves a series of interconnected policies (i.e., financial supervision, consumer protection, economic policy), as well as close interaction between data and policy actions.⁷⁹ Central banks’ experience shows that better statistics can be instrumental in promoting financial inclusion. Well-founded data frameworks are essential for organisations that are developing financial services for low-income consumers, in both formal and informal markets and adequate indicators are a precondition for good policies.⁸⁰

Despite the value of data in DFS policy-making, regulators and policy-makers often lack the resources, focus and willpower to incorporate consumer interest in DFS policies. When consumer protection is not the policy-maker’s primary mandate, consumer protection issues can fall by the wayside.⁸¹ Central banks, which often play a key role in financial inclusion and financial consumer protection policy, are uniquely positioned to collect data on financial inclusion.⁸² However, these typically focus on monetary policy or broader financial stability and systemic concerns, rather than on consumer protection or privacy issues. In some cases, policy-makers have strong political connections to business, making them reluctant to be responsive to consumer voices.

Bringing consumers’ perspectives to the government data collection process. Governments often seek stakeholder engagement to identify problem areas, find better possible solutions, or add legitimacy to government policies. For example, central banks or financial sector regulators who are important DFS policy-makers invite consumer organisations to participate in their surveys, meetings, or consultations. Input of consumer organisations that have focused mandates to advance consumers interest can enable the government to balance stakeholder interests.

77 AIC Report.

78 Pew Charitable Trusts. (2022). *How nongovernmental stakeholders can support states in advancing evidence-based policymaking*. <https://www.pewtrusts.org/en/research-and-analysis/reports/2022/09/how-nongovernmental-stakeholders-can-support-states-in-advancing-evidence-based-policymaking>

79 Irving Fisher Committee. (2018). *The role of data in supporting financial inclusion policy*. Bank for International Settlements. https://www.bis.org/ifc/publ/ifcb47_overview_rh.pdf

80 Tissot, B., & Gadanez, B. (2017). *Measures of financial inclusion - a central bank perspective*. Bank for International Settlements. https://www.bis.org/ifc/publ/ifcb47q_rh.pdf

81 Jaeger, J., & Jenik, I. (2015). *Institutional arrangements for financial consumer protection – Technical Note (English)*. World Bank Group. <https://openknowledge.worldbank.org/server/api/core/bitstreams/b7658a11-f3fa-59ab-bb39-50e0abae4231/content>

82 Irving Fisher Committee. (2018). *The role of data in supporting financial inclusion policy*. Bank for International Settlements. https://www.bis.org/ifc/publ/ifcb47_overview_rh.pdf



Box 13: Consumer organisations' participation in the government's financial sector policy

- **Consumer Council Zimbabwe's involvement in the Reserve Bank of Zimbabwe (RBZ)'s Finscope Survey**

RBZ's Finscope Survey is Zimbabwe's benchmark survey. It explores financial inclusion, attitudes, behavior and demographics. Consumer Council Zimbabwe has participated in it since 2011. RBZ created a steering committee to represent the various institutions that provide strategic guidance and oversight to the study. Consumer Council Zimbabwe has a seat on the steering committee, as do the Zimbabwe National Statistics Agency (ZimStat), the Ministry of Finance and Economic Development, the World Bank and a number of industry organisations.⁸³

Consumer organisations should strive to gain stakeholders' trust through evidence-based advocacy.

The trust that consumers place in consumer organisations to protect their interests when dealing with other stakeholders is at the heart of consumer advocacy. Policy-makers reach out to consumer organisations because they are reliable sources of consumer-focused expertise, tracking the citizens' pulse.⁸⁴ Consumer organisations should, therefore, build credibility and legitimacy so that when they engage with policy-makers, they can offer insights on consumers and the market, based on their collection and generation of data regarding consumer behaviour, experiences, and challenges.



Box 14: Consumer organisations reaching out to a wide range of stakeholders for evidence-based advocacy

The following examples of research that consumer organisations conducted show that broad-based surveys, as well as in-depth studies on consumer behaviour or market practices, can reveal granular, original, unreported data (i.e., regional, minority) that can improve DFS initiatives.

- **CUTS (India) research in digital payments and digital lending**

CUTS (India) promotes consumer welfare across a number of sectors, including retail payments, in India. CUTS (India) has undertaken extensive, evidence-based research on regulation, competition, and grievance redress in bank payments and the digital payments sector. It also worked closely with the Watal Committee on Digital Payments, and the Reserve Bank of India (RBI). These initiatives involved in-depth primary and secondary research, collection and analysis of data, and multiple rounds of rigorous consultations with key stakeholders and experts.⁸⁵

In 2019, CUTS (India) surveyed 5000 respondents, seeking to learn about the challenges and expectations around digital payments.⁸⁶ It interviewed people across categories (consumers, merchants, micro- and small enterprises, business correspondents, and entrepreneurs) from 11 states, each representing a different demographic profile.

83 Finmark Trust. (2022). *Finscope consumer survey report. Zimbabwe 2022*.

https://www.rbz.co.zw/documents/BLSS/2022/Zimbabwe_FinScope_Consumer_2022_Survey_Report.pdf

84 CUTS Questionnaire.

85 CUTS International. (n.d.). *Contribution to reforms in digital payments sector in India*.

https://cuts-ccier.org/pdf/CUTS_Contribution_to_Reforms_in_Digital_Payments.pdf

86 CUTS International. (2019). *Digital payment apps need to be more user-friendly*.

<https://cuts-ccier.org/digital-payment-apps-need-to-be-more-user-friendly-cuts-international/>

CUTS (India) found that, on average, around 44% of aware-disadvantaged groups (female, not young, rural, low/uneducated, and low/no income), and 50% of aware-advantaged groups (male, young, urban, highly-educated, and high income) use digital payments. CUTS (India) submitted its key findings and recommendations to the RBI Committee on Deepening of Digital Payments. In another piece of research that year, CUTS (India) found that despite the government's promotion of digital payments, only 48% of urban merchants accept them, and that infrastructure insufficiencies were among the biggest challenges that these merchants faced.⁸⁷

Since 2023, CUTS (India), in partnership with the International Institute of Information Technology, Bangalore (IIITB), has been examining Multi-Party Privacy (MPP) in digital finance platforms that offer lending services in India. The research involves surveys and interviews across the country, covering approximately 2000 consumers, to examine privacy boundaries, practices, negotiations, and redress mechanisms when DFS compromises privacy. The study also involves a contextual observational study of 50 consumers.⁸⁸

- **ADECOR (Rwanda)'s report on DFS fraud**

In 2019, ADECOR (Rwanda) published a report, *Assessment on the fraud in financial services and barriers by financial services providers and consumers in Rwanda*, that surveyed 742 respondents in seven sampled districts around the country. The report found that more than 50% of the respondents had been victims of financial fraud during the past three months. The report also found that females were more frequent fraud victims, and that only 58% of the fraud victims had reported the incident to authorities, while DFS providers compensated only 3.8% of those who reported.

A well-functioning consumer complaint management system can be a unique and valuable data source for consumer organisations. Dispute resolution and consumer redress mechanisms are essential for financial consumer protection.⁸⁹ Data derived from redress mechanisms, such as consumer complaint databases that financial sector providers or financial sector regulators manage, are valuable sources of consumer data that can enable low-cost analysis. Many consumer organisations manage their own complaints systems or have access to state-run complaints data systems. Consumer organisations should strive to create or advocate for access to complaint data, and make the best use of available complaint data through data analytics, etc.



Box 15: Leading examples of consumer complaint databases

- **CONSENT's consumer complaint management system in Uganda**⁹⁰

As a part of Fair Digital Finance Accelerator 2023 initiatives, CONSENT (Uganda) is developing a complaint management system app for research, insight generation, and DFS data collection in Uganda. The expected effect of the complaint system is not limited to enabling stakeholder dialogue and conflict regulation but also aims to generate insights through the analysis of complaints data.

87 CUTS International. (2019). *Did you know: More than half the shops in Indian cities don't accept digital payments.* <https://cuts-ccier.org/did-you-know-more-than-half-the-shops-in-indian-cities-dont-accept-digital-payments/>

88 CUTS International. (2023). *'My data or yours?': Unravelling multi-party privacy issues among consumers of digital credit in India.* <https://cuts-ccier.org/pdf/project-brief-my-data-or-yours.pdf>

89 World Bank. (2019). *Complaints handling within financial service providers: Principles, practices, and regulatory approaches.* <https://documents1.worldbank.org/curated/en/773561567617284450/pdf/Complaints-Handling-within-Financial-Service-Providers-Principles-Practices-and-Regulatory-Approaches-Technical-Note.pdf>

90 CONSENT FDFA Grant Application form.

Ultimately policy and regulatory frameworks can use the complaint system to improve consumer experiences in DFS, which will lead to the growth and development of the DFS sector in Uganda. The system will, among other things, generate data on the number of complaints submitted, the time it takes financial service providers to resolve complaints, the level of consumer satisfaction, and emerging trends and issues in the DFS sector.

- **Governments managing and granting access to consumer complaint databases**

In some nations, the government manages the complaint databases, and grants public access to them. Stakeholders such as consumer organisations and researchers can use the data to generate insight. For example, in the US, the CFPB and the Federal Trade Commission (FTC), the leading consumer protection government agencies, compile and collect complaint data. The CFPB has an interactive complaints database that allows it to analyse quantitative data trends by date, issue, company, product/industry sector, and address (state, zip code). If a consumer opts to share the complaint publicly, the CFPB will make the complaint available to the public, after removing personal data. The consumer complaint narrative, which is the consumer-submitted description of what happened, and the company's response are available to the public if the parties consent.⁹¹ Since 2018, the FTC has made consumer complaint data more accessible by releasing its aggregated consumer complaint data on a quarterly basis in an interactive online format.⁹²

Monitoring social media offers a low-cost way to gauge consumer challenges. With an estimated 4.9 billion people using social media across the world,⁹³ using digital technologies, including social media and other websites, can be a low-cost way for consumer organisations to monitor consumers' DFS experiences.⁹⁴ Social media is a place where consumers may provide unfiltered opinions, and also a place where misinformation, financial fraud, and scams spread in plain sight.⁹⁵ Financial authorities use SupTech – technology to facilitate the supervisory process, or web-scraping technologies – to monitor the market in order to understand consumer experiences.⁹⁶ Even when consumer organisations lack the SupTech tools that market conduct supervisors use, organisations can still monitor manually by using keyword searches. Consumer organisations can also consider working in collaboration with regulators, academics, and researchers to develop SupTech tools.



Box 16: Consumer organisations' use of social media for consumer research

- **BEUC's research on the misleading promotion of crypto on social media**

In June 2023, The European Consumer Organisation BEUC (Bureau Européen des Unions de Consommateurs) published a report called *Hype or harm? The great social media crypto con*. The research that BEUC and nine of its member organisations from eight European countries conducted, examined evidence of the misleading promotion of crypto on Instagram, YouTube,

91 CFPB. (n.d.) *How we share complaint data*. <https://www.consumerfinance.gov/complaint/data-use/>

92 Federal Trade Commission. (2018). FTC is making consumer complaint data more accessible. <https://www.ftc.gov/news-events/news/press-releases/2018/10/ftc-making-consumer-complaint-data-more-accessible>

93 Wong, B. (2023). Top social media statistics and trends of 2024. *Forbes*. <https://www.forbes.com/advisor/business/social-media-statistics>

94 Duflos, E., Griffin, M. & Valenzuela, M. (2021). Elevating the collective consumer voice in financial regulation. CGAP https://www.cgap.org/sites/default/files/publications/2021_03_WorkingPaper_Collective_Consumer_Voice_updated.pdf

95 FTC. (2023). *Social media: A golden goose for scammers*. <https://www.ftc.gov/news-events/data-visualizations/data-spotlight/2023/10/social-media-golden-goose-scammers>

96 FinCoNet (International Financial Consumer Protection Organisation). (2020). *SupTech tools for market conduct supervisors*.

TikTok and Twitter. The report highlighted snapshots of crypto promotions on these social media platforms, and presented 'Finfluencers', – influencers promoting financial investments or financial products. The report calls on the Consumer Protection Cooperation Network to implement stricter policies regarding social media platforms, and recommends that financial and consumer authorities cooperate to ensure that platforms adapt their advertising policies in ways that will prevent the misleading promotion of crypto.

- **Consumers Korea's use of social media to identify flaws in consumer redress**

In 2018, Consumers Korea investigated internet blogs and portals (such as Naver) to identify flaws in the nation's financial consumer redress system. Between 2006 and 2010, Korea saw a widespread mis-selling scandal in which credit card companies sold add-on products to millions of consumers via mobile and telemarketing. Despite the financial authority's 2016-2017 administrative actions to redress defrauded consumers, in 2018, Consumers Korea's initial review of social media found that many consumers had not received compensation. This led Consumers Korea to propose ways of improving the nation's financial consumer redress system to policy-makers.

d. **Networking and Partnerships**

Ideally, consumer organisations can strive to professionalise their staff in the DFS space by enhancing subject matter expertise and increasing technical and managerial capabilities.⁹⁷ However, building a professionalised permanent staff for DFS issues might be nearly impossible in the short term, and rarely happens even in consumer organisations in wealthy nations, let alone in low- and middle-income countries.

Therefore, consumer organisations need to be resourceful and supplement their limited expertise and resources on DFS issues by creating and leveraging networking and partnerships with other consumer organisations, broader civil society in DFS-adjacent fields, academic institutions, and other stakeholders. This recommendation leverages the theoretical advantage of a consumer organisation as a non-governmental organisation (NGO) over a public agency. NGOs have more flexibility and ability to mobilise volunteer support in the service of cost-effective advocacy. Networking and developing partnerships can also be helpful in building citizen consensus for broad-reaching agendas, such as legal framework reforms, which require strong political support.

Building expertise by utilising volunteers and internships. Volunteers and internships are essential to NGOs, such as consumer organisations, by offering assistance, knowledge, and resources. Volunteers and internships can provide a cost-effective solution for short-term projects and enable consumer organisations to reach a wider audience than their limited funding would typically allow⁹⁸ Project-based temporary positions and internships can also become a pipeline of future staff for the organisation. Most of the Fair Digital Finance Accelerator Network members interviewed noted that they were involved in some sort of volunteer or internship programme, even if these were not directly DFS-related.

97 Paul, S., & Israel, A. [editors]. (1991). *Nongovernmental organizations and the World Bank: Cooperation for development (English)*. World Bank Group. <https://documents1.worldbank.org/curated/en/786111468765591642/pdf/multi-page.pdf>

98 Terry, B., Harder, A., & Pracht, D. (2011). Understanding the value of volunteer involvement. *Journal of Agricultural Education*, 52(2), 118–127. <https://files.eric.ed.gov/fulltext/EJ955701.pdf>



Box 17: Consumer organizations building expertise from internships and volunteers

- **ADECOR (Rwanda)'s training by regulators, and use of interns**

ADECOR (Rwanda) receives technical DFS training from the National Bank of Rwanda and the Ministry of Finance. The Rwanda Utilities Regulatory Authority also provides some technical training. ADECOR (Rwanda) noted, however, that it struggles to recruit volunteers or staff with financial and ICT skills. One strategy ADECOR (Rwanda) uses is to hire graduate students who start as interns and continue as volunteers for the organisation. The interns can also gain expertise by interacting with stakeholders and receiving training from ADECOR (Rwanda) regulators.

Partnerships with universities and research institutions. Many academic institutions conduct research on DFS, and on the use of technology to improve financial regulation and supervision (SupTech or RegTech). Consumer organisations can participate in these initiatives by providing consumer-focused insights into research design. Universities, law schools, and business schools offer internships, legal clinics, or participation in joint programs that work with consumer organisations. DFS is a cutting-edge policy space, making it a popular choice for students and researchers who wish to build their experience and technical knowledge in order to improve their future employment in the private sector.



Box 18: Consumer organisations partnerships with academic institutions

The following examples highlight how consumer organisations can partner with academic institutions to gain technical and legal expertise and increase their national and international profile.

- **Consumers International's participation in the Cambridge SupTech Lab**

Consumers International participated in a panel organised by the Cambridge SupTech Lab (Cambridge, UK) and the Alliance for Innovative Regulation (AIR) to advance the protection of financial consumers using consumer complaints' data and technology. The connection was forged when the Fair Digital Finance Accelerator's funder, the Bill & Melinda Gates Foundation, introduced Consumers International to the AIR for collaboration with Consumers International Members in Nigeria and Kenya.

Consumers International participated in a Cambridge-hosted hackathon titled, Beyond chatbots: Consumer complaints analytics, in July-August 2023. During the hackathon, teams or individuals with skills in data science and analysis, business analysis, and product management harnessed their expertise to effect positive change in the realms of financial consumer protection and market conduct. During panel discussions, Consumers International highlighted the Fair Digital Finance Accelerator baseline survey in which 68% of consumer associations responded that the availability of effective consumer dispute resolution and redress was a key consumer issue. Consumers International also highlighted the challenges that consumers face, including unclear and time-consuming complaints procedures, expensive complaints-handling systems, slow redress processes, unresponsive or poorly trained staff, and systems designed without consideration for vulnerable groups.

Consumers International and Cambridge are exploring potential synergies and further collaboration in the areas of algorithmic transparency and the possible customisation of AI tools like social media scraping for consumer complaints management to empower the Fair Digital Finance Accelerator Network.

- **Consumers Korea's partnership with Seoul National University School of Law**

Since 2019, Consumers Korea has partnered with the Seoul National University School of Law (SNU Law) by hosting a legal externship programme that invites SNU Law students to attend lectures on consumer advocacy for lawyers, conduct research, draft reports and proposals for legal reforms, and give presentations. The externship programme runs semi-annually for about three weeks, during which students allocate about 40 hours to it. Over the years, the programme has resulted in legal reform proposals in cryptocurrency regulation, e-commerce and platform laws, and consumer and competition laws.

- **ADECOR (Rwanda)'s partnership with the University of Rwanda**

, ADECOR (Rwanda), the University of Rwanda, and the Ministry of Trade and Industry (MINOCOM) collaborated in an essay-writing contest in celebration of the 2019 World Consumer Rights Day. The goal of the competition was to generate ideas about how to promote and protect competition and consumer rights, and to generate interest in empowering consumers. The judges evaluated the essays against predetermined criteria and awarded cash prizes to the winners.

Partnerships with other consumer organisations or broader civil society for coalition building.

For broader subject matter representation, consumer organisations are often part of geographical networks of consumer organisations that are self-help support systems, with secretariats that provide services for their members. Consumer organisations that are not part of a national or regional network can consider joining or creating networks that allow like-minded organisations to share information, plan joint activities, make a united response to broader social concerns, or interact with authorities more effectively. In some countries, there are organisations that focus on preserving digital rights, privacy, freedom of expression, and human rights in the digital space. Consumer organisations can partner with these digital rights organisations to develop subject matter expertise and also to forge coalitions to build support.



Box 19: Network of consumer organizations for broader agendas related to DFS

The following are examples in which consumer organisations collaborated to flag rising risks in new DFS products, or to ignite broader changes, by setting the global agenda at international forums.

- **Consumers International's joint call for action on Buy Now Pay Later, inspired by CHOICE (Australia)**

Buy now, pay later (BNPL) is a financial product that extends credit to consumers, letting them pay for goods and services over time. The global popularity of the product is increasing, with the global transaction value of BNPL in e-commerce estimated at \$309 billion in 2023.⁹⁹ While BNPL can assist

99 Statista. (2024.) *Global transaction value of buy now, pay later (BNPL) in e-commerce from 2019 to 2021, with forecasts from 2022 to 2026.* <https://www.statista.com/statistics/1311122/global-bnpl-market-value-forecast/>

people who are in financial difficulty, the CFPB has recently identified several areas of potential consumer harm associated with its growing use, including inconsistent consumer protections, and the risk of excessive debt accumulation and over-extension.¹⁰⁰

During World Consumer Rights Day 2022, Consumers International, with its members, called on governments to ensure that they protect consumers against the growing risks of BNPL.¹⁰¹ The call was inspired by CHOICE of Australia's 2021 work on identifying the risks of BNPL.¹⁰² Many regulators, including the US Federal Reserve¹⁰³ and the CFPB,¹⁰⁴ initiated actions to research and regulate BNPL in 2022 and 2023. This joint call for action shows that information sharing between consumer organisations' networks can identify DFS consumer risks before they become widespread in other regions.

- **Consumers International's collaboration with Consumers Korea on the 2010 G20 Seoul Summit agenda**

In 2010, Consumers International and Consumers Korea collaborated to put financial consumer protection on the 2010 G20 Seoul Summit Leaders' Declaration.¹⁰⁵ Consumers Korea held press conferences in Seoul, Korea, with Consumers International members pressuring their respective governments to support the Seoul Declaration, while Consumers Korea leveraged Consumers International and its members to influence the Korean government.

The inclusion of "consumer protection" in the G20 Seoul Summit Leaders' Declaration started a chain reaction of financial consumer protection enhancements. Internationally, in November 2011, it led to the G20 leaders' endorsement and adoption of the G20/OECD High-Level Principles on Financial Consumer Protection. In July 2012, the OECD Council followed suit. The G20/OECD Task Force on Financial Consumer Protection, which is responsible for drafting, revising, and implementing the Principles, remains a key international policy-maker in financial consumer protection in DFS. The Principles set out the elements of an effective and comprehensive financial consumer protection framework.¹⁰⁶

Partnerships with businesses or business associations. Actors in the DFS industry are important stakeholders who have both the technical capacity in DFS and the resources to influence policy. Businesses can improve their social and environmental performance and find new market opportunities through partnerships with NGOs. Historically in the financial regulatory space, financial institutions have taken part in self-regulatory regimes, and many industry associations are taking up

100 CFPB. (2023). *Consumer use of buy now, pay later: Insights from the CFPB Making Ends Meet survey*. <https://www.consumerfinance.gov/data-research/research-reports/consumer-use-of-buy-now-pay-later-insights-from-the-cfpb-making-ends-meet-survey/>

101 Consumers International. (n.d.). Fair finance. <https://www.consumersinternational.org/what-we-do/fair-finance/>

102 CHOICE. (2021). *Buy now, pay later: The modern debt trap*. <https://www.choice.com.au/money/credit-cards-and-loans/personal-loans/articles/is-buy-now-pay-later-a-modern-debt-trap>

103 Akana, T. (2022). Buy now, pay later: Survey evidence of consumer adoption and attitudes. Federal Reserve Bank of Philadelphia. <https://www.philadelphiafed.org/consumer-finance/consumer-credit/buy-now-pay-later-survey-evidence-of-consumer-adoption-and-attitudes>

104 CFPB. (2023). *Consumer use of buy now, pay later: Insights from the CFPB Making Ends Meet survey*. <https://www.consumerfinance.gov/data-research/research-reports/consumer-use-of-buy-now-pay-later-insights-from-the-cfpb-making-ends-meet-survey/>

105 G20. (2010). *The G20 Seoul summit leaders' declaration*. <https://www.oecd.org/g20/summits/seoul/G20-Seoul-Summit-Leaders-Declaration.pdf>

106 G20/OECD. (2022). *High-level principles on financial consumer protection 2022*. https://web.archive.org/2022-12-12/648348-G20_OECD%20FCP%20Principles.pdf

a similar role in DFS (i.e., microfinance self-regulation, crypto self-regulation).¹⁰⁷ Partnering with industry stakeholders can provide an opportunity for consumer organisations to shape good DFS practices, build organisational capacity, and participate in self-regulatory regimes led by industry stakeholders.



Box 20: Consumer organisations' partnerships and interactions with businesses

- **Joint initiative for financial literacy with businesses increases CADEF's organisational capacity**

In October 2023, CADEF (Nigeria) partnered with QNET, Transblue Limited, and Financial Literacy for ALL to participate in the FinGreen initiative to help Nigeria's young people develop financial literacy, which stood at 26%.¹⁰⁸ QNET, a global e-commerce company, approached CADEF (Nigeria) to implement the programme by engaging, recruiting, and training young people, and collecting data. QNET provided resources not only for training but also for broader outreach. The participants learned about banking, risk management, insurance, investing, saving and other financial topics. This two-month programme also trained 25 ambassadors who went on to teach 750 other people financial literacy. In the aftermath, representatives from CADEF (Nigeria) noted that not only the trainees, but also the CADEF (Nigeria) volunteers, interns, and staff enhanced their financial literacy skills. Increasing the knowledge and capacity of the staff and volunteers of consumer organisations can potentially lead to further developments in DFS advocacy.¹⁰⁹

- **ADECOR (Rwanda)'s partnership with the Association of Microfinance Institutions in Rwanda**

ADECOR (Rwanda), in partnership with AMIR (the Association of Microfinance Institutions in Rwanda), conducted an assessment of consumer risk in DFS, and organised advocacy workshops and meetings with key stakeholders. ADECOR (Rwanda) participates in AMIR's stakeholder meetings and committees working toward the implementation of the Responsible Finance through Local Leadership and Learning Program (RFL3), in collaboration with the SEEP Network and the Mastercard Foundation. The programme's goal is to scale-up the application of consumer protection principles for low-income financial service customers.¹¹⁰

- **Consumers Lebanon's plans to research digital finance issues**

Consumers Lebanon, a recipient of a 2023 Fair Digital Finance Accelerator grant, identified digital finance risks and challenges for consumers via online and physical surveying. The organisation identified banks, financial institutions and their branches, and the number of ATMs, to determine their geographical distribution. In conducting surveys, the organisation partnered with banking and financial institutions and sent questionnaires to a percentage of their customers.

107 Lebanon Questionnaire.

108 The Guardian Nigeria. (2023.) *26% of Nigerians financially literate as Botswana leads Africa*.
<https://guardian.ng/business-services/26-of-nigerians-financially-literate-as-botswana-leads-africa/>

109 CADEF Interview.

110 AMIR. (2017). *Stakeholders meeting on client protection in the Rwandan financial sector*.
<https://www.amir.org.rw/stakeholders-meeting-on-client-protection-in-the-rwandan-financial-sector/>

e. Initiatives for the vulnerable consumers

DFS has the potential to serve vulnerable and inexperienced consumers in urban and rural settings, expanding the frontiers of financial inclusion. But doing so creates consumer protection challenges, as these consumers, who have little experience with regulated financial service providers, might be more susceptible to consumer risks. Consumer-driven risks, such as low levels of digital or financial literacy, contributing to financial exclusion, particularly among vulnerable consumers, are important DFS concerns.¹¹¹

The definition of vulnerable consumers in the context of DFS should be intentionally flexible and broad.

All consumers can become vulnerable due to the interplay between their individual characteristics, circumstances, and the economic market.¹¹² Those vulnerable in the context of DFS are likely to include, but are not limited to, traditionally vulnerable groups such as the poor, young, elderly, rural, and those with low incomes. For example, there is evidence that women are more likely than men to face cyber-fraud, social engineering scams (such as SMS and voice phishing), identity theft, and online harassment.¹¹³ However, those vulnerable in the context of DFS can also include a wider group of consumers, such as inexperienced users of novel DFS channels.¹¹⁴

Consumer organisations are often generalists that are already serving underprivileged or marginalised populations.

Consumer organisations are typically involved in broader social policies that affect the poor, such as the cost-of-living crisis, the energy crisis, the pursuit of market fairness, food and product safety, and access to basic means of life. Consumer advocates, therefore, often make the case for consumer financial regulation on distributional grounds, arguing that unregulated markets put lower income consumers at a disadvantage.¹¹⁵ Historically some consumer organisations have their roots as women's associations or as advocates for development and poverty reduction in low- and middle-income countries. Therefore, consumer organisations already work on or are well-positioned to get involved with DFS policy initiatives for the vulnerable.



Box 21: Consumer organisation's interventions for vulnerable consumers

In 2017-2019, CUTS (India), with the support of the Government of India (the Department of Consumer Affairs, the Ministry of Consumer Affairs, Food & Public Distribution), implemented a project called, *Enhancing the financial protection of consumers, in particular women, through financial literacy initiatives*.¹¹⁶

111 OECD. (2020). *Financial consumer protection policy approaches in the digital age: Protecting consumers' assets, data, and privacy*. www.oecd.org/finance/Financial-Consumer-Protection-Policy-Approaches-in-the-Digital-Age.pdf

112 Šajn, N. (2021). *Vulnerable consumers*. European Parliamentary Research Service. [https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/690619/EPRS_BRI\(2021\)690619_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/690619/EPRS_BRI(2021)690619_EN.pdf)

113 Chalwe-Mulenga, M., Bin-Humam Y., & Duflos, E. (2022). *Break the bias: Evidence shows digital finance risks hit women hardest*. CGAP. <https://www.cgap.org/blog/break-bias-evidence-shows-digital-finance-risks-hit-women-hardest>

114 OECD. (2019). *Cryptoassets in Asia: Consumer attitudes, behaviours and experiences*. <https://web-archiv.oecd.org/2020-01-08/539855-2019-cryptoassets-in-asia.pdf>

115 Campbell, J.Y., Jackson, H.E., Martin, B.C., & Tufano, P. (2010). *The regulation of consumer financial products: An introductory essay with four case studies*. Harvard Kennedy School. https://www.hks.harvard.edu/sites/default/files/centers/mrcbg/files/mrcbg_fwp_2010-09_Madrian_consumerfinancial.pdf

116 CUTS International. (n.d.). *Enhancing financial protection of consumers in particular women through financial literacy initiatives (FCP)*. <https://cuts-cart.org/enhancing-financial-protection-of-consumers-in-particular-women-through-financial-literacy-initiativesfcp/>

The initiative was based on the finding that poor and vulnerable communities, especially women in rural areas, are unable to escape poverty due to bad saving and investment habits, as well as the lack of financial inclusion. Women are more vulnerable than their male counterparts, mainly because they do not have access to, or decision-making authority over, finances, so spending and investment priorities seldom favour them.¹¹⁷

With deep grassroots connections, consumer organisations can utilise their unique capacity for identifying consumer challenges in vulnerable groups. Several Fair Digital Finance Accelerator Network member organisations have recognised the critical need to focus on vulnerable groups, while some organisations have conducted consumer surveys of or consumer education targeting vulnerable groups.



Box 22: Consumer organisations focus on vulnerable consumers

- **Citizen Consumer and Civic Action Group (CAG) (India)'s consumer survey with a focus on vulnerable consumer groups**¹¹⁸

With Fair Digital Finance Accelerator funding, CAG (India) is planning to survey 500 people each from various vulnerable groups; for example college students, women's/self-help groups, cottage/small industries, and farmers in rural areas in Tamil Nadu. The aim is to assess the knowledge and awareness of consumers, and to understand their accessibility problems. The project stems from the realisation that rural consumers have little or no access to DFS, and often do not know where to turn with complaints. The study also recognises that stakeholders' DFS problems vary. The findings will give CAG a better understanding of consumer perspectives, enabling it to develop demands for the government.

- **VCAI's consumer research with a focus on poor women in rural areas**¹¹⁹

The VCAI of Indonesia argues that especially vulnerable consumers (children, the elderly, the disabled, women, and the rural poor) are in dire need of consumer education about their rights when dealing with DFS. The organisation conducted a survey about poor rural women's access to banking institutions. This included individual interviews, for which VCAI members visited women's homes. Survey results showed that these women's access to formal finance was minimal, and that when they did engage with formal finance, it was not the women who initiated the loans, but bank officers, who came to their homes to grant the loans. The women were not familiar with digital finance at all.

117 CUTS International. (2017). *Enhancing financial protection of consumers in particular women through financial literacy initiatives: Event report*. https://cuts-cart.org/pdf/Event_Report_Surveyors_Orientation_Meeting.pdf

118 CAG FDFA Application form.

119 Survey and Email correspondence with LAK.

- **Consumers Korea: DFS fraud prevention campaigns with the Korea Federation of Banks and the Financial Supervisory Service**

Korean financial consumers lose billions of Korean won in yearly phishing or smishing scams. These scams happen via fraudulent phone calls and text messages, or smartphone apps, and caused nearly 1.7 trillion won (\$1.3 billion) in damage between 2018 and 2022.¹²⁰ Since 2019, to educate consumers about the risks and types of scams, Consumers Korea has presented plays on the topic in elder care centres in several regions. To reach out to the young, Consumers Korea visited high schools to give presentations about voice phishing.

- **Consumer organisations recognise the need for DFS to improve its service to the vulnerable.**

Several Fair Digital Finance Accelerator Network member organisations describe their focus on vulnerable populations as follows:

- CUTS (INDIA) argues that a special focus on vulnerable groups is necessary because governments often dismiss consumer concerns as teething issues or transition challenges. To this end, CUTS (India)' research on *Operationalising tokenisation in consumer interest* included surveys of different consumer groups with consideration of gender, geographic diversity, and education level.
- ADECOR (Rwanda) identified the inequitable distribution of services as an important consumer challenge; for example, ATMs are generally located in cities, not in rural areas.
- Consumer Council Zimbabwe calls for formal financial services for women, to help them to achieve gender equality, and for women's empowerment, to ensure that women and women-led businesses have access to and are able to use multiple financial services.
- FNAC (Morocco) stated that all of the studies that FNAC has launched take into consideration the criteria of vulnerability, gender, and age.
- As part of its 2023 Fair Digital Finance Accelerator activities, Consumers Lebanon planned activities that would give it insights into the state of DFS for the unbanked and the underserved population of Lebanon, and to improve financial literacy and capacity building for consumers in marginalised groups such as young people, women, and the rural population, people with disabilities and migrants. To facilitate this, it planned to conduct surveys in different regions, going door to door in order to reach beyond consumers with digital means.

120 Jun-hee, P. (2023). Koreans lost nearly W1.7tr to phishing scams over past 5 years: data. *The Korea Herald*. <https://www.koreaherald.com/view.php?ud=20230221000590>

IV. CONCLUSION, RECOMMENDATIONS AND FUTURE OUTLOOKS

DFS is an evolving space for all nations. In many cases, the regulatory framework for DFS is still unclear, making it difficult for service providers to provide consumer-centric, fair, safe, and equitable finance.

The lack of an established legal and regulatory DFS structure presents challenges for consumer organisations seeking policy changes, but it can also offer an exciting opportunity, allowing them to take part in building and becoming a part of the developing DFS regulatory and policy-making framework.

Consumer organisations can contribute their unique, evidence-based consumer knowledge and perspectives, based on grassroots connections with the community, by using their experience in consumer campaigns and their communications skills, and by researching consumer behaviour.

Consumer organisations can also leverage networking and partnerships or coalitions with industry groups, academia, and other civil society organisations to build their technical capacity in DFS and to influence broader policy changes. Consumer organisations' lack of sustainable resources, however, hampers their ability to sustain effective DFS consumer advocacy.

In light of this limitation, this report has proposed recommendations that will help consumer organisations to lay the groundwork for cost-efficient and durable foundations from which to build their technical capacity and sustain activities in the dynamic DFS policy space. Specifically it recommends a structure-and-process-based and evidence-based consumer advocacy strategy for DFS.

We hope this report will spark new partnerships and initiatives that will increase the consumer voice in the DFS policy space.

A summary of our recommendations for consumer organisations and future Consumers International Fair Digital Finance Accelerator initiatives follows.

Recommendations for consumer organisations

1. To cultivate and enhance DFS-specific strengths, consumer organisations should build on and leverage the skills and resources that they already have in place.
 - These include broadening their grassroots presence and trust within the community, creating good partnerships with the primary consumer protection authority, and deploying in-house advocacy specialists in DFS issues.
2. Consumer organisations should build relevant, stable, institutional foundations for policy-making structures and processes in the DFS policy space.
 - These might include specific initiatives, such as participating in the creation of a legal framework for DFS, working on policy goals that follow the evolution of the market and government policy initiatives, advocating for institutional arrangements (i.e., regulatory and supervisory structures for DFS, as well as the creation of consultative bodies for consumers), and entering into MoUs to foster stable relationships with policy-makers.

3. Consumer organisations should strive to gain the trust of stakeholders through evidence-based advocacy.
 - Specific initiatives can include research or collecting original data, and supporting and collaborating with regulators, academics, and researchers in their data research, as well as developing tools to monitor social media (i.e., SupTech) and utilisation of big data analytics to analyse and understand the scope and magnitude of consumer issues to better design policy and solutions that best meet consumer needs.
4. Consumer organisations should be resourceful and supplement limited expertise and resources by leveraging networking and partnerships.
 - Specific initiatives include utilising volunteers and internships, building networks and partnerships with other consumer organisations, and coalition-building with DFS-adjacent civil society (i.e., digital rights organisations) for broader agendas such as legal reform in fields adjacent or foundational to DFS.
5. Consumer organisations are often already serving underprivileged or marginalised populations, and should find ways to also focus on people who are vulnerable in the context of DFS.
 - Specific initiatives could include reaching out to vulnerable groups when conducting research, and initiating financial education or inclusion exercises.

Recommendations for Fair Digital Finance Accelerator initiatives

1. Resource limitations are the single biggest challenge keeping consumer organisations from applying their DFS expertise in low- and middle-income countries. Securing funding is imperative. However, developing and writing well-thought-out proposals for grants also requires expertise. The Accelerator should develop and provide grant proposal templates, as well as individualised assistance in the writing of grant proposals.
2. Since the skill level of Accelerator members and stakeholder-regulator dynamics differs in each participant's country, the programme should consider country-specific consulting for Fair Digital Finance Accelerator members.
3. To support consumer organisations in producing high-quality consumer research, the Accelerator should assist members to develop skills in social science research methodology, such as qualitative and quantitative research, survey methods, statistical analysis, and data presentation.
4. To support consumer organisations in collecting and producing data, and in learning data analysis skills, the Accelerator should consider serving as a liaison through which members participate in the data collection and analysis exercises of international or regional policy-makers, donors, and research institutions.

Future outlooks

The structure-and-process-based and evidence-based engagement strategies outlined in this report focus on laying out the foundational work on DFS from which consumer organisations can start to build sector-specific DFS expertise. In the short term, we expect to see more consumer organisations engaged in DFS policy-making nationally and internationally bringing valuable consumer-focused evidence to the table. The long-term goal is to see consumer organisations become embedded in a participatory policy-making process and impact the fundamental ways in which the DFS policy space develops. We also expect that through active engagement in DFS policy-making, consumer organisations can build in-house expertise to sharpen future consumer advocacy strategies.

This report was primarily prepared during the second year of the Fair Digital Finance Accelerator launch. Therefore, the many cases and examples from Fair Digital Finance Accelerator members set out here are either limited-scope works-in-progress or efforts that took place before the launch of the Fair Digital Finance Accelerator. As we prepare this report for publishing, we are proud to announce the successful completion of the first round of funding and Fair Digital Finance Accelerator projects. This milestone, along with the distribution of the eight modules of the Fair Digital Finance Accelerator Training Programme to Fair Digital Finance Accelerator members, is a testament to our commitment and progress. As a part of our next milestone, we hope to publish sector-specific DFS strategies focused on the subsequent progress of Fair Digital Finance Accelerator members.

APPENDIX 1. LIST OF ABBREVIATIONS

- ADECOR:** Rwanda Consumer's Rights Protection Organization
- AIC:** Association Ivoirienne des Consommateurs (Ivorian Consumers' Association, Côte d'Ivoire)
- BEUC:** Bureau Européen des Unions de Consommateurs (The European Consumer Organisation)
- BNPL:** Buy now, pay later
- CADEF:** Consumer Advocacy and Empowerment Foundation (Nigeria)
- CAG:** Citizen Consumer and Civic Action Group (India)
- CCZ:** Consumer Council of Zimbabwe
- CFPB:** Consumer Financial Protection Bureau (United States)
- CGAP:** Consultative Group to Assist the Poor
- CONSENT:** Consumer Centre (Uganda)
- CR:** Consumer Reports
- CUTS:** Consumer Unity and Trust Society (India)
- DFS:** Digital financial services
- FNAC:** La Fédération Nationale des Associations du Consommateur du Maroc (National Federation of Consumer Associations Morocco)
- FTC:** Federal Trade Commission (United States)
- MNO:** Mobile network operator
- OECD:** The Organisation for Economic Co-operation and Development
- VCAI:** Vulnerable Consumer Advocacy Institute (Lembaga Advokasi Konsumen Rentan, Indonesia)

APPENDIX 2. LIST OF ORGANISATIONS WHO CONTRIBUTED TO THE REPORT

The following are Consumers International members who contributed their invaluable time and expertise to this study:

Citizen Consumer and Civic Action Group (CAG)
(Discussions at Consumers International 2023 Congress)

Consumer Advocacy and Empowerment Foundation (CADEF), Nigeria,
(Interview date: 19 October 2023)

Consumer Centre (CONSENT), Uganda
(Discussions at Consumers International 2023 Congress)

Consumer Council of Zimbabwe (CONSUMER COUNCIL ZIMBABWE), Zimbabwe
(Interview date: 11 September 2023)

Consumer Unity and Trust Society (CUTS), India (Interview date: 14 September 2023)

Consumers Korea (Sobija Siminmoim, CK), Republic of Korea (affiliated with the author)

Consumers Lebanon (Questionnaire received: 25 October 2023)

Consumer Reports (CONSUMER REPORTS), United States
(Interview date: 15 September 2023)

Consumer Association of Bangladesh (CAB), Bangladesh
(Interview date: 28 October 2023)

Ivorian Consumers' Association (Association Ivoirienne de Consommateurs, AIC), Côte d'Ivoire
(Questionnaire received: 19 October 2023)

La Fédération Nationale des Associations du Consommateur du Maroc (National Federation of Consumer Associations Morocco, FNAC) (Questionnaire received: 31 October 2023)

Rwanda Consumer's Rights Protection Organisation (ADECOR), Rwanda
(Interview date: 26 September 2023)

Vulnerable Consumer Advocacy Institute (Lembaga Advokasi Konsumen Rentan), Indonesia
(Questionnaire received: 25 October 2023)

Vulnerable Consumer Advocacy Institute (Lembaga Advokasi Konsumen Rentan), Indonesia
(Questionnaire received: 25 October 2023)

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ACKNOWLEDGMENTS

Deep gratitude to Consumers International's Director General, Helena Leurent, who inspired and encouraged the writing of this report, and whose ideas ultimately shaped it. I offer deep gratitude to the core Fair Digital Finance Accelerator team for their hard work and perseverance throughout the project. Thank you to Sheila Senfuma Nakanyike for providing strategic leadership and excellent communications with the Fair Digital Finance Accelerator members, Sonia Charak for insights development support and to Bob Oganga, for providing general project support.



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