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Presentation by  
Korean Consumer Agency  
KCA

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# Consumer Empowerment: Consumer Education & Information Provision

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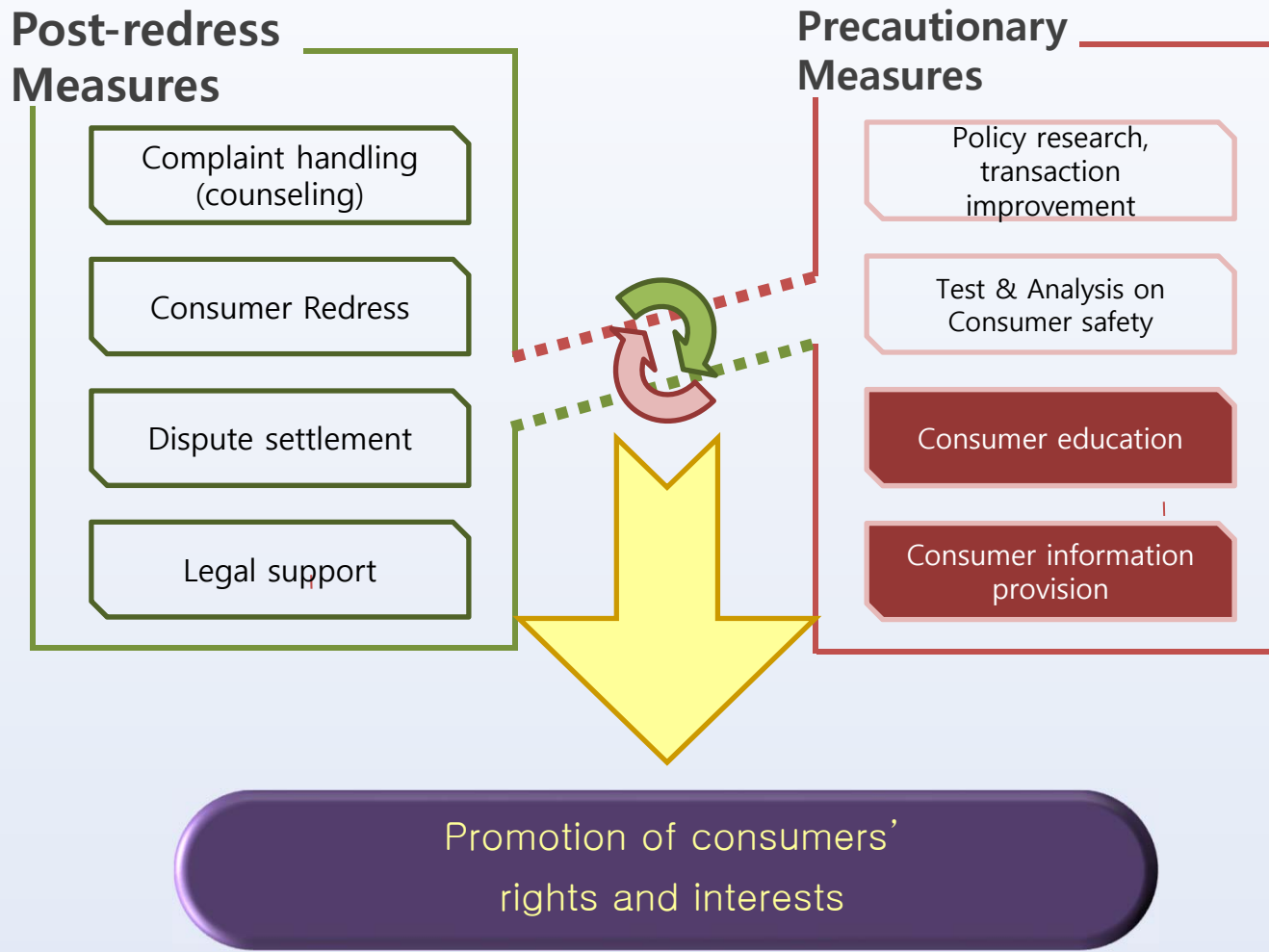
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Korea Consumer Agency

# About the KCA

- **The Korea Consumer Agency(KCA) is a government organization** established in July 1987 based on the Consumer Protection Act.
  - Since 2007, the Korea Consumer Protection Board → the KCA
- Its founding principle is to protect consumer rights and interests, to promote a rational consumption life and to contribute to the sound development of the nation's economy.

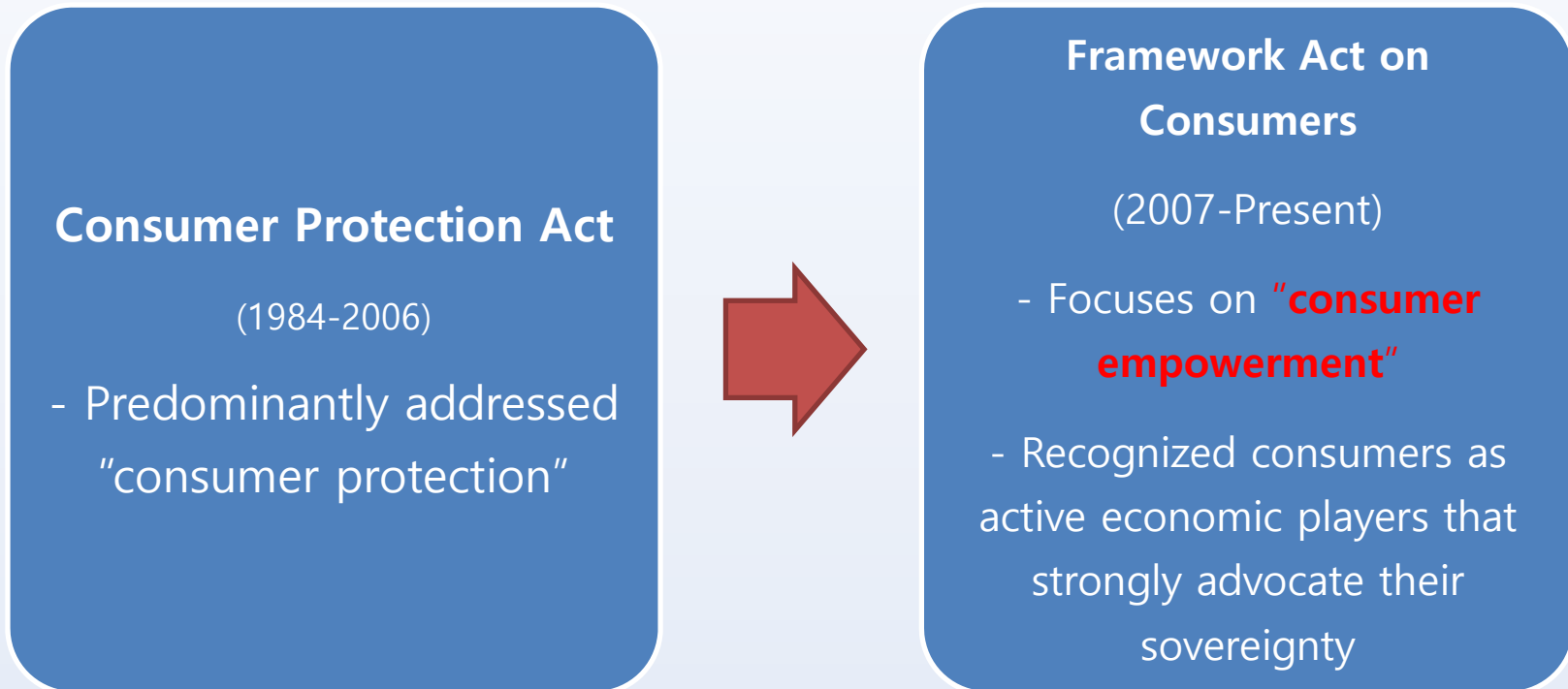
- Functions of KCA: Article 35 of the Framework Act on Consumers



# 1. Introduction

## Background of Strengthening Consumer Capacity

- A paradigm shift in Korean consumer policy



- **Consumer education** and **provision of consumer information**: a means to empower consumers to help them make more informed decisions

## 2. Consumer Education

### Legal Framework of Consumer Education

- **The Framework Act on Consumers**

| Article  | Content  |
|--|--|
| Article 4<br>(Fundamental Rights of Consumers)       | 6. The right to receive the education necessary for carrying on their rational lives as consumers  |
| Article 14<br>(Enhancement of Consumer Competence)   | (1) The State and local governments shall provide consumers with necessary education so that they may exercise their rights properly, improve their ability to make reasonable choices about goods, etc. and carry on consumptive life on their own responsibility.<br>(3) The State and local governments shall formulate and implement policies to enhance educative effects by linking both consumer education and school/lifelong education. |
| Article 21<br>(Establishment of Basic Plan)          | (1) The Fair Trade Commission shall establish a basic plan for consumer policy every three years, subject to the review and resolution of the Consumer Policy Committee under Article 23.<br>(2) The basic plan shall include the following matters:<br>(c) Facilitation of consumer education and information provision;  |
| Article 28<br>(Activities of Consumer Organizations) | (1) Consumer organizations shall carry out the following activities:<br>4. Consumer education;   |
| Article 35<br>(Activities)                           | (1) The Korea Consumer Agency shall carry out the following activities:<br>4. Education, public relations and broadcasting business related to the promotion of consumers' rights and interests, their safety and the development of their ability;  |

## 2. Consumer Education

### **Consumer Education Policy** Under The 3rd Basic Plan for Consumer Policy(2015-2017)

| 4 Strategies   | 9 Key plans  |
|--|--|
| Customized consumer education and expansion of welfare support       | • Activation of consumer education by life cycle and target groups               |
|  | • Strengthening consumer education based on ICT                                  |
| Creation and diffusion of new consumption culture                    | • Strengthening roles and competencies of new consumer                           |
|  | • The spread of safe consumption culture   |
| Strengthening the market's consumer safety net                       | • Strengthening consumer safety in multi-use facilities and services             |
|  | • Strengthening the safety system in food, medicine and cosmetics                |
|  | • Provide integrated improvement measures to protect people vulnerable to safety |
| Improving the accessibility and expertise of consumer damage redress | • Reduction of consumer damage and reinforcement of preventive system            |
|  | • Strengthening the expertise of consumer damage redress                         |

## 2. Consumer Education

### **Role of Government (KFTC & KCA) Regarding Consumer Education**

#### **Korea Fair Trade Commission**

- managing & implementing policies and strategies for consumer education
- establishing the basic plan for consumer education
- developing consumer education materials
  - The KFTC has tried to develop consumer education materials and supplementary teaching techniques for socially vulnerable consumers.
  - The main contents of the education: the types of injury mostly experienced by socially vulnerable groups, how to apply for compensation, and other matters which they must know as autonomous participants of the market.
- providing consumer education for officials of local governments & public agencies, etc
  - Teaching about enforcement of correction of illegal conduct occurred in transactions of special-type sales, consumer-related legal frameworks, etc.



## 2. Consumer Education

### Korea Consumer Agency

- Consumer education forms by he KCA

#### 1. Education by the KCA' plan

##### 1.1 Education plan

- Consumer leading groups: public officials, teachers, consumer organization activists, corporate employees
- Teaching on consumer policy, laws, etc

##### 1.2 Operation of pilot schools for consumer education

- Development and application of consumer education learning materials
- Internalized a thrifty attitude and desirable consumption habits

#### 2. Educational support by external

##### 2.1 Educational support

- Educational support for external institutions: local governments, schools, companies, banking, etc
- Support for education contents and dispatch of KCA' instructor

##### 2.2 Tour education

- Consumer Dispute Settlement Commission, Department of Test & Inspection, etc

## 2. Consumer Education

### Korea Consumer Agency

Diffusion of Consumer Education



#### **KCA**

- Education programs planned by the KCA



#### **Leaders**

- Government officials, teachers, consumer organization activists, corporate staff



#### **Consumers**

- Local leader, children, consumer, senior citizens

## 2. Consumer Education

- Also, the KCA conducts consumer education targeting the socially vulnerable groups
  - including children, elderly persons, married immigrants, and North Korean refugees.
  - The main contents of consumer education included
    - the cases or types (i.e. door-to door sales, e-commerce transactions) of damage mostly experienced by the vulnerable and disadvantaged
    - prior prevention of consumer injury
    - ways to respond to phone or mobile scams
    - ways to protect personnel information
    - matters to pay attention to financial and telecommunication services
    - how to apply for compensation
    - role of consumers and understanding of a market economy, and etc.

## 2. Consumer Education

- The Children's Safety Net running by the KCA aims at developing and distributing safety-related contents, conducting consumer education, and propagating safety culture to home and nearby schools
  - The KCA, in cooperation with the EBS (Educational Broadcasting System), produced five episodes of the animation to prevent children's safety accidents which can occur in home, supermarket, school, playing facilities, and outdoor.
    - \* The KCA provided the animation to elementary schools, childcare facilities (kindergartens), relevant institutions, and local governments for free in order to spread a safety culture for children.
  - In addition, in 2016, the KCA launched a campaign to educate and sway consumers against the no-show for reservations or appointments, a pervasive phenomenon in Korea.
    - \* As part of the campaign, they made a 90-second video to reduce no-show and diffuse responsible consumer culture, which distributed via websites of local governments, universities, and etc.

## 2. Consumer Education

- The KCA developed a “consumer empowerment index” to measure consumer competency level, which may eventually be used to track changes and as an input for measuring policy effectiveness.
  - The index is divided into Financial competency, Transactional competency, Consumer-citizenship, defining as the summation of knowledge, attitude, practice needed to fulfill sound consumer’ role.

### <Comparisons of the Consumer Empowerment Index('10-'14)>

| Dimension                  | 2010 |      | 2014 |      | Change |
|----------------------------|------|------|------|------|--------|
|                            | M    | SD   | M    | SD   |        |
| Consumer Empowerment Index | 61.5 | 11.4 | 64.0 | 7.5  | +2.5   |
| Financial Competency       | 59.1 | 13.6 | 63.0 | 8.7  | +3.9   |
| Transactional Competency   | 62.1 | 12.7 | 63.3 | 9.0  | +1.2   |
| Consumer-citizenship       | 63.1 | 14.1 | 65.8 | 10.4 | +2.7   |

# 3. Provision of Consumer Information

## Legal Framework for Provision of Consumer Information

- **The Framework Act on Consumers**

| Article   | Content   |
|---|---|
| Article 4<br>(Fundamental Rights of Consumers)        | 2. The right to be provided with the knowledge and information necessary for selecting goods, etc   |
| Article 13<br>(Provision of Information to Consumers) | (1) The State and local governments shall make important policies and decisions related to consumers' rights and interests known to consumers so that the fundamental rights of consumers can be realized.<br>(2) The State and local governments shall formulate necessary policies so that enterprisers' information relating to transaction terms and methods, quality, safety, environment-friendliness, etc. of goods, etc. can be provided for consumers to reasonably choose goods, etc. |
| Article 19<br>(Duties of Enterprisers)                | (3) Enterprisers shall sincerely provide consumers with accurate information on goods, etc.   |
| Article 28<br>(Activities of Consumer Organizations)  | (1) Consumer organizations shall carry out the following activities:<br>5. Consultation and furnishing of information for the settlement of consumers' complaints and damages, and the recommendation of agreement between the parties concerned.   |
| Article 35<br>(Activities)                            | (1) The Korea Consumer Agency shall carry out the following activities:<br>3. Collection and furnishing of information on, and international co operation in, promotion of consumers' rights and interests, their safety and the improvement of their lives as consumers.   |

# 3. Provision of Consumer Education

## **Other Acts**

- Act on Fair Labeling and Advertising, the Act on Door-to-Door Sales, and the Act on the Consumer Protection in Electronic Commerce regulated by KFTC
  - Obliges business operators to include information essential for consumers' decision-making in purchasing goods and service.

# 3. Provision of Consumer Education

- The KCA operates the Smart Consumer, comprising of four major sections
  - ‘**comparison and Sympathy**’ which provides comparative information about prices and quality of diverse products in real time,
  - ‘**consumer Tok Tok**’ which provides product information based on the evaluation of consumers who have actually used the products,
  - ‘**Safety and Recall Information**’ which provides integrated recall information, by items, by each ministry.
  - ‘**Price Information**’ which provide price comparison information on necessities in various markets, such as supermarket, mall, on-line shopping, etc.





### 3. Provision of Consumer Education

- In order to address the consumer safety matters related to food and products, the KCA conducts real-time monitoring via the Consumer Injury Surveillance System (CISS)
  - The KCA continues to cooperate with other government agencies for reinforcing the function of consumer injury surveillance.
    - \* In 2016, the KCA provided various hazard information to consumers, in conjunction with other government agencies including Ministry of Public Safety and Security (rescue emergency information), Korean Agency for Technology and Standard (defective product information), Korea Transportation Safety Authority (information of vehicle safety defects), and etc.
  - The Number of hazard information gathered increased by 272.9% in 2016, compared to 2015
    - \* [48,878 (as of august 2015) → 182,254 (as of august 2016)]

# 3. Provision of Consumer Information

- The KCA has been running a Cross-border Transaction Consumer Portal (<http://crossborder.kca.go.kr>) since 2015.
  - provides useful information to support consumers' rational overseas purchases for the prevention of consumer damage and guidance for dispute resolution methods for overseas on-line malls

The screenshot shows the homepage of the Korea Consumer Agency Cross Border Transaction Consumer Portal. At the top right, there are language options: KOREAN, ENGLISH, CHINESE, and SITEMAP. The main navigation bar includes: Korea Consumer Agency CROSS BORDER TRANSACTION CONSUMER PORTAL, Related laws · Standard terms and conditions, Related Case, Cross Border Transaction Information, and Consumer Organization Worldwide. The central banner features a globe with an airplane and an open cardboard box, with the text: "Provides useful information for cross border transaction from Korea. We will serve as a guide for your safe international purchasing experience." Below the banner are five main service tiles: 1. Market situation (pie chart icon). 2. Related information (clipboard icon). 3. Companies with high ratio of civil complaints (bell icon). 4. Comparison Information (bar chart icon). 5. Mail-order/online business Registration (magnifying glass icon). On the right side, there is a section for "Consumer Organization Worldwide" with a "VIEW" button and a world map. At the bottom, there are three more tiles: 1. Mail-order/online business Registration (house icon) with text: "You can check information on the company you are about to deal with, including its availability (whether the company is still active)." 2. Related law · Standard terms and conditions · Guidelines (books icon) with text: "You can check the relevant laws and regulations to secure a Cross Border Transaction from Korea." 3. Consumer dispute case arising from cross border transaction (hand holding box icon) with text: "You can query the dispute cases and relief cases."

# 4. Challenges

## Consumer Education

- Promoting intra-governmental cooperation among relevant ministries or government agencies
- International cooperation to share other countries' experiences has not been well developed.
- Systematization and quality improvement of consumer education contents

## Provision of Consumer Information

- Enhancement of ICT literacy for vulnerable groups
  - According to a study on the digital divide(2006) produced by the National Information Society Agency, the level of utilization of information(literacy) is lower than one of information accessibility
- Establishment of a system for managing risk communication focused on new technology areas
  - The emergence of new information on the advent of the era of the Fourth Industrial Revolution
  - Newly emerging technologies, such as drone, 3D printing, artificial intelligence, self-driving cars have a high possibility of a consumer safety accident

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*Thank You*