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<p style="text-align: center;">Working Group on Vulnerable and Disadvantaged Consumers Notes for the 3rd Meeting</p>

As indicated in its concept note, the purpose of this Working Group (“WG”) is to provide a forum for Member States representatives and interested stakeholders to exchange experiences **on how to better protect vulnerable and disadvantaged consumers considering the challenges faced by developing countries**, low-income consumers and those with low or non-existent literacy levels in both rural and urban areas.

The WG held its first conference call on October 2nd when the participants decided: a) share information to work and analyse the current status of the legal definition of the vulnerable and disadvantaged consumers in various jurisdictions and not to develop a new definition.; b) work on the theme of financial issues, including elderly consumers as both are usually related; c) work on the theme of children as vulnerable consumers.

In order to share information regarding vulnerable and disadvantaged consumers, participants were asked to send contributions on existing legal definitions and policies.

During the second WG meeting, most Member States advised that they had no specific legislation regarding vulnerable or disadvantaged consumers. However, some participants presented actions, information, consumer education, and policies regarding vulnerable and disadvantaged consumers. Some participants shared certain definitions, policies and ideas regarding vulnerable and disadvantaged consumers, such as:

- the status of vulnerable/disadvantaged consumer can be permanent, temporary and/or vary based on circumstances;
- Children (definition varies by jurisdiction), the elderly, the rural consumers, disabled persons, and illiterate can be vulnerable/disadvantaged consumers;
- social and economic status are considered impact factors to determine consumer vulnerability;
- information and access to information also have impact on consumer vulnerability;
- business-consumer relations often lead to information gaps information, knowledge, (technical knowledge, economic and bargaining power, legal knowledge) for vulnerable and disadvantaged consumers are even more impacted by such gaps due to their age, illiteracy, social circumstances;
- Member States have different definitions for vulnerable and disadvantaged consumers;
- personal and geographical dimensions should as well be considered in the definition (per a comment provided by CI);

In view of the third conference call scheduled for 16th February 2018 participants were asked to send their contributions by the **30th January, 2018**.

In order to start the discussions here we share some references on the topic of vulnerable and disadvantaged consumers:



European Parliament:

European Parliament resolution of 22 May 2012 on a strategy for strengthening the rights of vulnerable consumers (2011/2272(INI), 2013/C 264 E/03:

a heterogeneous group comprised of persons who, on a permanent basis, are considered as such because of their mental, physical or psychological disability, age, credulity or gender, and whereas the concept of vulnerable consumers should also include consumers in a situation of vulnerability, meaning consumers who are placed in a state of temporary powerlessness resulting from a gap between their individual state and characteristics on the one hand, and their external environment on the other hand, taking into account criteria such as education, social and financial situation (for example over-indebtedness), access to the internet, etc.; whereas all consumers, at some point in their life, can become vulnerable because of external factors and their interactions with the market or because they have difficulties in accessing and comprehending relevant consumer information and therefore need special protection,¹

OECD²:

*RECOGNISING that all consumers, regardless of education or experience, may at times be **vulnerable** to detriment, and that **disadvantaged consumers** may be vulnerable on a persistent basis; 5. “**Vulnerable consumers**” are consumers who are susceptible to detriment at a particular point in time, owing to the characteristics of the market for a particular product, the product’s qualities, the nature of a transaction or the consumer’s attributes or circumstances. (OECD Recommendation on Consumer Policy Decision Making)*

In light of these issues, financial consumer protection should be reinforced and integrated with other financial inclusion and financial education policies. This contributes to strengthening financial stability. It is essential to protect consumers’ rights while also recognising the fact that these rights do come with consumer responsibilities. This calls for legal recognition of financial consumer protection, oversight bodies with necessary authority and resources to carry out their mission, fair treatment, proper disclosure, improved financial education, responsible business conduct by financial service providers and their authorized agents, objective and adequate advice, protection of rights and data, protection from fraud and abuse, competitive frameworks, adequate

¹ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52012IP0209>

² <https://www.oecd.org/sti/consumer/Toolkit-recommendation-booklet.pdf>



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*complaints handling and redress mechanisms and policies which address, when relevant, sectoral and international specificities, technological developments and special needs of **vulnerable groups**. This approach complements and builds upon financial regulation and supervision and financial governance. Equitable and Fair Treatment of Consumers*

Financial consumers should be treated equitably, honestly and fairly at all stages all stages of their relationship with financial service providers. Treating consumers fairly should be an integral part of the day to day good governance and corporate culture of financial service providers. Consumers should benefit from comparable levels of financial consumer protection for similar products and services and for similar level of consumers sophistication. Special attention should be dedicated to the needs of vulnerable groups.³

UNGCP References⁴

IV. Principles for good business practices, item 36, 37; G. Education and information programmes item 42 and item 77.

Considering that the aim of this WG is to provide a forum for Member States representatives and interested stakeholders to exchange experiences **on how to better protect vulnerable and disadvantaged consumers considering the challenges faced by developing countries**, we consider it important to maintain the focus of the WG on exchanging experiences rather than creating new definitions or policies.

Therefore, we suggest Member States to examine the shared definitions and policies on vulnerable and disadvantaged consumers, most importantly focused on financial issues, elderly consumers and children.

Agenda for the Conference Call on the 16th February 2018:

1. Welcoming 5'
2. Information on the contributions received 10'
3. FTC's experience on elder justice coordination and consumer education efforts 10'
4. Discussions 30'
5. Closing and next steps 5'

³ <https://www.oecd.org/daf/fin/financial-markets/48473101.pdf>

⁴ http://unctad.org/en/PublicationsLibrary/ditceplpmisc2016d1_en.pdf