Consumer Protection

Difficulty resolving complaints

This barrier refers to the difficulty in handling complaints and the necessary redress mechanisms that are accessible, affordable, independent, fair, accountable, timely and efficient. The barrier arises when customers are unable or unaware of how to address complaints and issues related to their financial services, or when financial services providers and authorised agents do not have the necessary mechanisms in place.

Why is this barrier important?

Although redress is a key building block for trust in financial services and an important aspect of consumer protection, the evidence does not suggest that this is a barrier for adoption and use among women (and men). It is important to note that, compared to other barriers, there is not as much evidence on this barrier that is sex disaggregated and specific to women. The few studies conducted on this barrier involve customers already using a form of DFS. A majority of the evidence focuses on potential ways regulators and providers in different markets can address the issue.

Connected Barriers

Information Availability & Capability
Digital literacy

Product & Service Quality
Reliability and quality of in-person services
Reliability of payments system and network
Navigability of user interface of the digital product

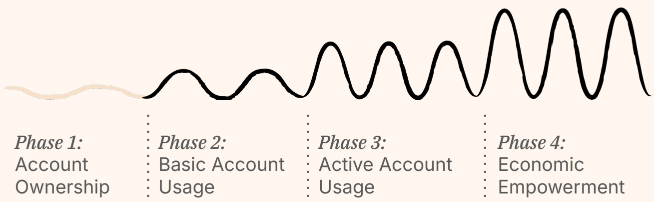
Consumer Protection
Fear of making mistakes

Social Norms
All barriers in this category

Most Relevant Segments

1	2	3	4
Excluded, marginalized	Excluded, high potential	Included, underserved	Included, Not underserved

Customer Journey Relevance



Key evidence relevant to this barrier

- "Product recourse builds trust in DFS by assuring women that addressing issues can be simple and quick. Knowing that you can get your money back if you make a mistake and can talk with a customer service representative if there is an issue are two of the most important components in establishing trust." (USAID, 2018).

- "Weak performance in resolving complaints and queries are major issues in consumer protection." (OECD, 2017).

- "With regard to formal channels of issue resolution, among respondents who face issues, only 12 percent used call centers, while 4 percent used bank branches. Most customers facing issues raise them with their agents. Among those who face issues, 44 percent choose not to complain. This can be attributed to 69 percent of respondents believing that issues they raised in the past were not resolved within a reasonable timeframe." (IFC, 2018).

- Research conducted by IPA in Uganda found that women appeared to have less redress issues. "Women are 45% of MM subscribers, yet only 32% of complaints." Women's complaints are similar with men's but are reported less. Findings were inconclusive as to whether the gender differences were due to usage-based risk or less awareness on how to file complaints (IPA, 2020).

- A case study in Ghana revealed the difference in the way men and women approach grievance redressal mechanism. "While men were more knowledgeable and confident when addressing their grievances through the designated channels (in case of a mobile money product), women seemed lagging on both fronts." (AFI, 2020).

The following Exemplar represents one evidence-based interventions that has shown success in addressing this particular barrier. There may be other Exemplars for this barrier in the larger Barriers & Exemplars Analysis compendium deck.

Exemplar

Regulations Drive Success of Digital Finance in Côte d'Ivoire

"In 2006, a year before the rise of M-Pesa in Kenya, the Central Bank of West African States (BCEAO) released its Guidelines for Electronic Money Issuers, which allowed both banks and non-banks to issue e-money and establish agent networks. Within just two years, Orange Money would become the first player in Cote d'Ivoire to introduce a mobile money service followed two months later by MTN and by Moov in 2013. Following a political crisis in 2010 and 2011, during which many Ivorians turned to the security of mobile money to send money to friends and family cut off by violence and instability; hopes were high that Côte d'Ivoire would rapidly emerge as a leading market for DFS in Sub-Saharan Africa." (CGAP, 2019).

"However, the inadequacies of the 2006 regulations quickly became apparent. Despite permitting MNOs and other non-banks to become e-money issuers, the regulations lacked clarity on several important aspects, such as the compliance obligations for non-banks and the respective roles and responsibilities of e-money issuers and distributors." These regulations "left MNOs at the mercy of bank partners, which served as intermediaries between the MNOs and BCEAO and whose approval was required to recruit new agents or introduce new products and services." (CGAP, 2019).

"After engaging with industry players and observing regulators' approaches in markets like Kenya and the Philippines, BCEAO recognized the need to provide greater regulatory certainty and decided to take action. In 2015, the central bank issued new regulations that clarified the position of non-banks and encouraged them to abandon partnerships with banks and begin issuing e-money themselves through subsidiaries under BCEAO supervision." (CGAP, 2019).

Key activities

The 2015 regulations introduced "the ability of non-banks to recruit and manage their own agent networks and launch their own products, measures to ensure price transparency, customer recourse mechanisms, and personal data protection... The new regulations also clarified rules around the non-exclusivity of agents, promoting competition and allowing providers to take advantage of the existing agents network built by others to establish their own presence in previously underserved areas." (CGAP, 2019).

Outcomes/results

The independent management of agent networks, price transparency, and customer recourse mechanisms allowed the private sector to expand their agent network from fewer than 20,000 agents in 2014 to nearly 100,000 by 2018.

"Orange quickly launched an e-money subsidiary and received a license from BCEAO in February 2016 followed shortly thereafter by MTN. The autonomy, flexibility and agility that full ownership of mobile money services bestowed on the MNOs—particularly the ability to directly manage their agent networks and obtain new revenue from interest earned on customer float held at banks—had an almost immediate impact on investment. For instance, annual growth in Orange Money's agent network, which stood at just 37% in 2014, skyrocketed to 70% in 2015 and continued to accelerate through 2018." (CGAP, 2019).

"By 2018, with more and more Ivorians adopting and using mobile money, the volume and value of mobile money transactions had grown dramatically," as well as the number of registered and active mobile money users (CGAP, 2019).

Key enabling environmental factors for the intervention

BCEAO adopted an enabling regulatory approach with basic regulatory enablers, including agent networks/use of agents, price transparency, and customer recourse mechanisms.

Key design elements that led to successful outcomes

Aside from implementing basic regulatory enablers previously discussed, BCEAO engaged with industry players and studied other regulatory approaches in markets including Kenya and the Philippines. These activities helped inform Cote d'Ivoire's own regulations.

Potential for scale/replicability

BCEAO's experience with adopting regulations indicates that these regulations can be replicated across markets; BCEAO took learnings and best practices from other markets and key industry players in forming its own regulations. CGAP notes that BCEAO can also do more to introduce more regulations, such as allowing mobile money providers to pass along the interest earned on float to customers.

Challenges encountered during the program

According to CGAP, "other issues, such as the lack of a simple and affordable e-signature process and biometric national ID, have impeded the introduction of second-generation products like savings, credit and insurance. And limits on non-MNOs' access to USSD has made it harder for fintechs to offer innovative products and services to customers." Additionally, "BCEAO prevents mobile money providers from passing along the interest earned on float to customers." (CGAP, 2019).

Recommendations from the research

CGAP offers several recommendations for BCEAO:

1. Allow mobile money providers to pass along the interest earned on float to customers to increase the value of these services to customers.
2. Implement a simple and affordable e-signature process and biometric national ID to introduce second-generation products like savings, credit, and insurance.
3. Remove limits on non-MNOs' access to USSD to enable fintechs to offer innovative products and services to customers.

Additional Exemplars

Estonia's E-identity program

GRID Impact and SIA's analysis revealed that this barrier along with 11 others require further research and examination as to how they affect the customer experience, other barriers and overall WEE-FI. More in-depth analysis can be found in the larger Barriers & Exemplars Analysis compendium deck.