Chapter 13

Consumer protection and e-commerce

This chapter covers aspects of consumer policy related to communication services and e-commerce. It addresses how consumer protection measures can inform and empower consumers, stimulating the market to innovate, improve quality and compete in pricing. This chapter presents an over-arching set of policy principles for ensuring that consumer interests are adequately protected. It also explores the importance of promoting e-commerce as a tool to broaden the scope of products, increase competition in the marketplace and allow consumers to compare price more easily. Finally, it presents best practices on consumer policy from the region and suggests areas that policy makers might consider going forward.
Broadband communication and Internet-mediated services are playing an increasing role in the daily lives of people in the Latin America and Caribbean (LAC) region. In many ways, these services create opportunities for consumers, but measures to protect consumers are also needed if individuals, businesses, and governments are to make the most of the benefits of broadband. This chapter examines key issues of consumer protection and examines e-commerce policy issues for the LAC region.

Historically, consumer protection in telecommunications markets has been linked to competition, with an emphasis on creating a vibrant marketplace through supply-side measures. In recent years, however, there has been growing recognition that informed and empowered consumers can, through demand-side choices, stimulate firms to innovate, improve quality and compete in pricing. By making well-informed choices between suppliers, consumers not only benefit from competition, but drive and sustain it.

As the use of communication services has increased and converged (as noted in Chapter 7), more emphasis is being placed on reviewing the policies governing communications services’ relations with consumers. New measures have been devised to provide better protection, more flexibility in the market for consumers, and better access to information. In this context, OECD countries developed a set of policy principles to ensure that consumer interests in communication services are adequately protected (OECD, 2008).

Information and communication technologies (ICTs) and the Internet have also ushered in a structural change in how commercial transactions are carried out, bringing them online and making them more efficient. The OECD defines e-commerce as any transaction for the sale or purchase of goods and services, conducted over computer networks by methods specifically designed to receive or place of orders. Payment and the ultimate delivery of the goods or services do not have to be conducted online, while orders made by telephone calls, facsimile or manually typed e-mail are excluded (OECD, 2011).

For businesses, e-commerce potentially improves efficiency in two key ways, by enlarging the scope of the market and reducing operating barriers and costs along the entire value chain. This is in large part because Internet-based channels can supplement or replace traditional channels at every step in the seller-to-buyer interaction (Figure 13.1). For consumers, e-commerce improves information collection on goods and services, locating sellers, making price comparisons, offering convenient delivery and allowing them to make purchases easily on a computer or mobile device wherever they are (OECD, 2013b). Overall, e-commerce has had broad positive effects throughout the economy:

- **Broader scope of products**: E-commerce increases the scope of products available to consumers.
- **Increased competition**: Competition is increased because users can search for products and compare prices online across a variety of sellers. They can visit the sites themselves, use product and price comparison websites, or rely on the product reviews and ratings...
of other consumers. This allows them to quickly identify the least expensive supplier or choose between products with different features.

**Easier price comparisons**: E-commerce facilitates price comparisons across firms, potentially lowering prices for consumers.

**Lower entry barriers for new firms**: The Internet decreases market entry barriers and makes it easier for new firms to find customers online. Entry barriers merit special attention in the context of e-commerce, because of the opportunities they present to SMEs that were traditionally too small to compete in larger geographical markets.

**Reduced search times**: E-commerce can lead to significant savings of time and effort for consumers. They save time by finding information quickly, avoiding lines and paying online.

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**Figure 13.1. E-commerce solutions**

![E-commerce solutions diagram]


Broadband networks (mobile and fixed) are a key part of the infrastructure supporting e-commerce. Markets without effective, secure and affordable networks cannot benefit from the economic growth and efficiencies offered by expanded e-commerce. Those that are lagging behind in logistical performance will find this to be a fundamental bottleneck that blocks the full potential of e-commerce.

The increased availability of goods and services online also brings new risks and vulnerabilities (digital security risk management and privacy protection are addressed in Chapters 14 and 15). New businesses, or even established online businesses, in rushing to establish an online presence or promote a new product, may neglect the fundamentals of customer service and fail to provide, for example, basic contact information, essential contract terms and information about how to resolve a complaint or seek redress. Because direct contact between online businesses and consumers is limited or non-existent, a predictable and trustworthy e-commerce marketplace is all the more important.
Key policy objectives for the LAC region

Consumer protection

The main policy objectives for consumer protection in communication services can be divided into three broad categories that correspond to different phases in the relationship between the operator and the user:

- **Improving customer acquisition:** Policy makers and/or regulators should aim to improve the first phase in the relationship between businesses and customers, which involves attracting customers through advertising and providing information about the services on offer. They should target actions towards the information provided about bundled services, advertising claims, and customer due diligence in researching offers.

- **Watching over contracts and engagement:** Policy makers and/or regulators should also monitor and take action when necessary in the second stage in the relationship between businesses and consumers, when contracts and agreements are in force. Actions in this area involve disclosure issues, billing practices, quality of service, accessibility and how complaints are handled.

- **Facilitating switching and termination:** The final stage of the relationship between businesses and customers, when they end the relationship, should also be monitored by policy makers and/or regulators. They should facilitate switching and termination by taking action to ensure number portability to new carriers and monitoring for SIM locking and termination charges.

E-commerce

The key policy objectives for e-commerce can be divided into three main groups:

- **Creating a framework for electronic settlements and payments:** Optimal payment systems provide a way of transferring value between different parties in the economy and facilitate transactions at minimal costs.

- **Reducing barriers to e-commerce:** This involves identifying the obstacles that inhibit the growth of businesses engaging in e-commerce or that prevent users from adopting services.

- **Promoting e-commerce adoption:** This entails developing initiatives to promote the use of e-commerce among administrations, businesses and consumers.

Tools for measurement and analysis for the LAC region

Consumer protection

To develop and implement sound policies for consumer protection, policy makers should be informed and guided by data whenever possible. Various sources of data support consumer protection policy making, including complaint information, surveys, market surveillance and in-depth market surveillance and consumer detriment assessments.

**Consumer complaint information** is the most commonly used tool to identify consumer issues, measure the magnitude and scope of consumer problems and evaluate the effectiveness of policy measures. It relies heavily on the information provided in consumer complaints. Complaint information can have an important role in policy making by providing a preliminary indication of problems, though it also has significant limitations. Complaints, for example, may be unfounded and/or reflect significant biases. Moreover, they tend only to
cover issues where consumers have noted a problem, and they are not suited for detecting hidden detriment to consumers (OECD, 2010). Complaint data can, however, help policymakers identify problem areas, as exemplified by the United States’ Federal Communications Commission (FCC) (Box 13.1).

Box 13.1. Visualising complaint data

The FCC in the United States publishes quarterly a summary of the most frequent topics of complaint. Figure 13.2 represents the number of complaints in each of the areas related to telecommunications services. In the United States, wireless billing, rates and service are the dominant problems the agency handles (Figure 13.2).

Surveys are also carried out in some instances to collect information on the magnitude and scope of communication problems in markets. These have proved a highly effective way of analysing problems, using rich data. A survey by the National Consumers Council in the United Kingdom, for example, found data indicating that mobile telephony users commonly overestimate their own usage and then overpay, or underestimate their usage and pay significantly more by going over their allotment (OECD, 2007; NCC, 2006). Surveys can be useful for policy making, but the time and cost of developing, conducting and assessing their results limits their use (OECD, 2013a).
Market surveillance and consumer detriment assessments are an important source of data for policy makers. Consumer detriment arises when market outcomes fall short of their potential, resulting in losses to consumers. They involve identifying and measuring the nature and magnitude of consumer detriment: how consumers are being harmed and to what extent. This is a crucial component of evidence-based policy making. Elements of detriment include financial and non-financial impacts, such as direct financial losses, time loss, stress and physical injury. Although quantification is often difficult, it is essential that damages be assessed, even when this can only be done qualitatively (OECD, 2010). In some cases, regulators are pro-active in identifying issues and conducting in-depth surveillance of a situation, but this is relatively limited. Information on the approaches used to assess consumer detriment suggests that this is an area difficult for policy makers to address. Beyond complaints information, data are generally not readily available to permit a thorough analysis.

E-commerce

In the area of e-commerce, policy makers need statistics to evaluate key trends, such as the adoption of e-commerce by merchants and the willingness of businesses and consumers to engage in transactions online. Statistics are an important source of information about relative progress in urban and rural areas, but also for benchmarking exercises among countries in the region.

The OECD Model Survey on ICT Use in Businesses (discussed in the analysis and annex for Chapter 10) has a specific module on e-commerce (Module D) that sets out definitions and several indicators for assessing the penetration of different e-commerce transactions. They include:

- enterprises conducting e-commerce sales (as a percentage of all enterprises)
- e-sales value by platform and type of customer (as a percentage of total turnover)
- web sales percentage breakdown by type of customer and geographic area
- means of payment of accepted online sales (percentage of all enterprises, by means of payment)
- barriers to online sales (percentage relevance among enterprises)
- electronic data interchange (EDI) sales breakdown by geographic area (percentage of EDI sales)
- enterprises conducting e-purchases (as a percentage of all enterprises)
- e-purchase value by platform (as a percentage of total purchases).

Data on e-commerce can also be collected by national surveys on ICT use in households, as in Brazil in the LAC region (Box 13.2). The e-commerce component of these surveys can include indicators such as:

- individuals who have researched prices of goods or services online (percentage of Internet users)
- individuals who have bought goods or services online (percentage of population)
- individuals who have not bought goods or services online (percentage of Internet users, classified by reason why they don’t buy online)
- individuals who have publicised or sold goods or services online (percentage of Internet users).
Box 13.2. Measuring e-commerce in Brazil

The regional Centre for Studies on the Development of the Information Society (Cetic.br) has conducted surveys on the use of ICTs by households and businesses since 2005. Cetic.br’s surveys are based on international reference models, such as the methodological references and data collection instruments defined by the United Nations’ Partnership on Measuring ICT for Development, Eurostat documents, the OECD and the Cetic.br’s household and business survey include components for e-commerce. The figures below show results for 2014 for Brazil (Figures 13.3 and 13.4). The household and business surveys also include indicators on the barriers to the use of e-commerce for individuals and companies.

Figure 13.3. Proportion of companies using e-commerce in Brazil (2014)

![Chart showing the proportion of companies using e-commerce in Brazil by various methods.]

Note: The proportion of channels used for e-commerce (by email, by website of company, by social network and by site of collective buying) corresponds to the proportion of use by companies that have used the Internet for sales, and not all companies.


http://dx.doi.org/10.1787/888933354592

Figure 13.4. Proportion of Internet users using e-commerce in Brazil (2014)

![Chart showing the proportion of Internet users using e-commerce in Brazil.]

Note: All indicators correspond to use in the past 12 months.


http://dx.doi.org/10.1787/888933354609
The proportion of use of e-commerce may also be related to other indicators, and policy makers may wish to evaluate **e-commerce output indicators** in the light of possible bottlenecks, such as the quality of Internet infrastructure and the availability of payment and delivery solutions. The United Nations Conference on Trade and Development (UNCTAD) has developed a B2C E-commerce Index with four indicators: Internet use, secure servers, credit card penetration and postal delivery services (Box 13.3). The World Bank’s Ease of Doing Business Index can also offer an interesting outlook on the prospects for e-commerce in LAC countries. Assessing e-commerce readiness and a business environment, to understand the needs, characteristics, strengths and weakness of these tools, is a crucial first step in formulating effective national e-commerce strategies and setting priorities. Comparable e-commerce statistics in the LAC region are in an early stage of development, but should be a priority for policy makers who need to understand the developments at home and among their neighbours.

**Box 13.3. UNCTAD B2C E-commerce Index**

The UNCTAD B2C E-commerce Index, first published in 2015, aims to assess readiness of countries for e-commerce, covering data for 130 countries and four indicators: on Internet use, secure servers, credit card penetration and postal delivery services. The Index was found to be strongly positively correlated with variations in the percentage of individuals shopping online. The Index shows highest e-commerce readiness in Luxembourg, Norway and Finland. It notes the need to improve e-commerce readiness, especially in the coverage of postal home delivery component, in the LAC region (Table 13.1).

**Table 13.1. UNCTAD B2C E-commerce Index and ranking (Top 4 and LAC countries, 2014)**

<table>
<thead>
<tr>
<th>Country</th>
<th>% population having mail delivered at home (2012 or latest)</th>
<th>% of individuals with credit cards (age 15+, 2011)</th>
<th>% of individuals using the Internet (2013 or latest)</th>
<th>Secure servers per 1 million people (normalised, 2013)</th>
<th>UNCTAD E-commerce Index value</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Luxembourg</td>
<td>100</td>
<td>72.4</td>
<td>95</td>
<td>99.3</td>
<td>91.7</td>
<td>1</td>
</tr>
<tr>
<td>Norway</td>
<td>100</td>
<td>60</td>
<td>96</td>
<td>97.4</td>
<td>88.3</td>
<td>2</td>
</tr>
<tr>
<td>Finland</td>
<td>100</td>
<td>63.9</td>
<td>92</td>
<td>96.5</td>
<td>88.1</td>
<td>3</td>
</tr>
<tr>
<td>Canada</td>
<td>100</td>
<td>72.3</td>
<td>83</td>
<td>93.3</td>
<td>87.1</td>
<td>4</td>
</tr>
<tr>
<td>Chile</td>
<td>94</td>
<td>22.8</td>
<td>61.4</td>
<td>73.9</td>
<td>63</td>
<td>39</td>
</tr>
<tr>
<td>Uruguay</td>
<td>93</td>
<td>27.1</td>
<td>58</td>
<td>72.1</td>
<td>62.5</td>
<td>40</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>93</td>
<td>15.3</td>
<td>59.5</td>
<td>73.8</td>
<td>60.4</td>
<td>43</td>
</tr>
<tr>
<td>Brazil</td>
<td>81</td>
<td>29.2</td>
<td>58</td>
<td>69.9</td>
<td>59.5</td>
<td>47</td>
</tr>
<tr>
<td>Argentina</td>
<td>93</td>
<td>21.9</td>
<td>54.1</td>
<td>67.6</td>
<td>59.1</td>
<td>48</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>98</td>
<td>12.2</td>
<td>47.5</td>
<td>72.5</td>
<td>57.6</td>
<td>52</td>
</tr>
<tr>
<td>Mexico</td>
<td>91</td>
<td>13</td>
<td>43.5</td>
<td>63.7</td>
<td>52.8</td>
<td>60</td>
</tr>
<tr>
<td>Venezuela</td>
<td>93</td>
<td>10.4</td>
<td>44.1</td>
<td>56.6</td>
<td>51</td>
<td>63</td>
</tr>
<tr>
<td>Colombia</td>
<td>60</td>
<td>10.2</td>
<td>51.7</td>
<td>65.6</td>
<td>46.9</td>
<td>71</td>
</tr>
<tr>
<td>El Salvador</td>
<td>95</td>
<td>5.3</td>
<td>25.5</td>
<td>60.9</td>
<td>46.7</td>
<td>72</td>
</tr>
<tr>
<td>Ecuador</td>
<td>68</td>
<td>10.2</td>
<td>35.1</td>
<td>63</td>
<td>44.1</td>
<td>76</td>
</tr>
<tr>
<td>Guatemala</td>
<td>95</td>
<td>6.9</td>
<td>16</td>
<td>58.1</td>
<td>44</td>
<td>77</td>
</tr>
<tr>
<td>Jamaica</td>
<td>50</td>
<td>6.9</td>
<td>46.5</td>
<td>67.9</td>
<td>42.8</td>
<td>80</td>
</tr>
<tr>
<td>Peru</td>
<td>56</td>
<td>10</td>
<td>38.2</td>
<td>61.9</td>
<td>41.5</td>
<td>82</td>
</tr>
<tr>
<td>Panama</td>
<td>25</td>
<td>10.7</td>
<td>45.2</td>
<td>73.5</td>
<td>38.6</td>
<td>84</td>
</tr>
<tr>
<td>Honduras</td>
<td>75</td>
<td>5.3</td>
<td>18.1</td>
<td>55.1</td>
<td>38.4</td>
<td>85</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>44</td>
<td>2.5</td>
<td>13.5</td>
<td>54.4</td>
<td>28.6</td>
<td>98</td>
</tr>
<tr>
<td>Bolivia</td>
<td>19</td>
<td>4.1</td>
<td>34.2</td>
<td>54.9</td>
<td>28.1</td>
<td>99</td>
</tr>
<tr>
<td>Haiti</td>
<td>40</td>
<td>1.8</td>
<td>9.8</td>
<td>37.7</td>
<td>22.3</td>
<td>107</td>
</tr>
</tbody>
</table>

Overview of the situation in the LAC region

**Consumer protection**

In the LAC region, some practices are more prevalent with regards to protecting consumers during the *customer acquisition* phase of the relationship with operators. Advertising regulation is strong across the countries in the LAC region responding to the questionnaire, 88% having regulations in place governing how communications services are sold to customers. Often these regulations are not specific to telecommunications, but to all goods and services.

One area that is less developed concerns the tools and information available to consumers at the time of choosing an operator, such as being able to gauge the actual speeds of existing Internet connections or viewing which operators have the highest download speeds. According to information provided by LAC countries, only 43% of governments provided speed test sites for citizens to test their connections (Box 13.4).

<table>
<thead>
<tr>
<th>Box 13.4. Speed test sites available from private or government sites in LAC countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>● In Brazil, the regulator, ANATEL, has set up an entity in charge of measuring broadband speed for both fixed and mobile services (<em>Entidade Aferidora de Qualidade de Banda Larga</em> or EAQ), and consumers can volunteer to install specific software it provides to measure speeds and pass the data on to the regulator.</td>
</tr>
<tr>
<td>● In Uruguay, the government does not provide speed test information or tools, but private initiatives are available, such as <a href="http://www.adsltest.com.uy">www.adsltest.com.uy</a>.</td>
</tr>
<tr>
<td>● In Suriname, users can test the speeds of their Internet connections, once subscribed, at private testing sites such as <a href="http://www.speedtest.sr">www.speedtest.sr</a>.</td>
</tr>
<tr>
<td>● The regulator in Peru (OSIPTEL) attached conditions on the 1.7/2.1 gigahertz bands that the minimum effective speeds must be at least 1 megabit per second per user. Operators have been required to provide speed measurement software to users since 2005.</td>
</tr>
<tr>
<td>● Colombia’s regulator (CRC) requires that operators place a free speed test conspicuously on their homepage, so that users can compare the effective rate they receive.(^1)</td>
</tr>
<tr>
<td>● The regulator in Mexico (IFT) publishes data on the quality of mobile broadband for all operators, including average speeds. The information provided is based on a statistical sample including at least events (IFT, 2016).</td>
</tr>
</tbody>
</table>


As for the **monitoring of contracts and services**, LAC countries have relatively high adoption of protection for users who have subscribed to a service. Roughly 89% of responding countries require networks to be monitored for quality of service (QoS), with reporting done either to the regulator or published on the company’s website. Slightly fewer countries (78%) have guidelines in place that protect users against unfair billing practices and require transparency in contracts and billing items (Figure 13.5).
Once subscribers choose to pursue contract termination and switching, some protections are widely adopted, while others are relatively less common. Most countries in the region (87%) have regulations in place to help facilitate the end of contracts for users (Figure 13.6). These can include rules regarding minimum contract periods and early termination charges. Consumers typically need to be notified ahead of price increases or other contract changes and afforded the opportunity to leave the service without penalty if they do not agree to the new terms. Countries such as Chile and Colombia have taken steps to eliminate fees charged for early contract termination.

Surprisingly, number portability is not universal across the region, despite its critical importance in keeping markets competitive and helping users switch to more attractive offers. Only 56% of countries have number portability for fixed operators, although this figure...
is lower partially because some markets lack fixed-line competition. Only 65% of countries allow for portability of mobile numbers, a key challenge for competition. Some countries, such as Jamaica and Haiti, are in the process of implementing number portability, while others, such as Chile, introduced it in 2012. Number portability should be a high priority for LAC regulatory agencies. Finally, the SIM locking regulations that protect users when they want to use phones on another network are only available in 38% of countries.

**E-commerce**

The e-commerce market in the LAC region has experienced sustained growth for more than a decade, although from a relatively small base. Revenues generated by B2C e-commerce in this region doubled every two years in the period 2003-2013, by one estimate reaching USD 70 billion in 2013 (América Economía, 2012). In that period B2C revenue increased as a share of GDP in some of the major economies of the region (Brazil, Mexico and Chile).

Although e-commerce has grown, its composition has remained nearly constant over recent years. According to OECD data, e-commerce is dominated by business-to-business (B2B) sales that are often handled via electronic data interchanges (EDI). Roughly 90% of the value of e-commerce transactions is from B2B. The remaining 10% of transactions are a combination of business-to-consumer (B2C), business-to-government (B2G) and consumer-to-consumer (C2C) activity (OECD, 2015b).

Brazil is the most mature and the largest e-commerce market in Latin America and the Caribbean. It accounts for 38% of the region’s total B2C sales, followed by Mexico (19%) and Argentina (8%) (UNCTAD, 2015). Brazil has some of the largest Internet retailers in the region (B2W Digital, Nova Pontocom, Netshoes, *Máquina de Vendas* and Magazine Luiza) and in 2013, it reportedly became the first country in the region in which e-commerce accounted for 1% of total GDP. Chile and Mexico reportedly had e-commerce accounting for 0.61% and 0.57% of GDP respectively, while the region averaged 0.76%. Brazil, Argentina, Chile (with the third-biggest Internet retailer in the LAC region, S.A.C.I. Falabella) and Uruguay have the highest percentage of online shoppers among Internet users (near 70%) (UNCTAD, 2015).

The LAC region is more advanced in various aspects of e-commerce than other regions in the world. A number of factors have contributed to growth in the adoption of e-commerce in the region. First, the positive economic cycles of some of the largest economies had net effects on the adoption of e-commerce. Second, the increased level of consumers with bank accounts, among a growing middle class in the LAC region, facilitated the use of electronic transactions and payments, as did the increased connectedness of people through communication networks. Thirdly, countries have reformed several regulatory areas, for example by reducing taxes and consumer policies, adapting e-commerce to local consumer patterns and expectations. In some countries, legislation allowing refunds free of charge for products bought online helped build consumer confidence.

Despite these advances, many countries in the LAC region have not yet designed and implemented e-commerce frameworks and legislation. The UNCTAD (2015) reports that 81% of LAC countries have some type of e-transaction law. In the LAC countries surveyed in the OECD/Inter-American Development Bank (IDB) questionnaires, 60% reported having issued guidelines or regulations concerning mobile banking and m-commerce, 41% reported having policies in place to promote e-commerce and 38% implemented special measures to facilitate cross-border dispute resolution or allow for collection-action lawsuits (Figure 13.7). These responses shed light on the level of preparedness of LAC countries regarding their legal landscape and policy frameworks, where advances are still necessary.
In several respects, the potential for e-commerce in the LAC region is far from fully exploited. That is also the case in the OECD area, where although companies have largely adopted broadband, e-purchasing, enterprise resource planning, e-sales and supply-chain management adoption remain much lower. In 2013, 21% of companies in OECD countries sold their products and services online, a slight increase, of two percentage points, over 2009. Significant differences obtain among countries with regards to the size of the firm. Large firms, for example, are much more likely to adopt e-commerce, both for buying and selling online. Size can make a difference not only on the expenditure for growing an e-commerce business more quickly (promoting a website, keeping a website up to date and incorporating the newest features), but also on the capacity of firms to negotiate better transport rates and offer more delivery options to customers.

In the LAC region, a fundamental challenge for e-commerce is logistics. Logistics costs and performance are not only a bottleneck for competitiveness (OECD, 2014c), but a key hindrance for the delivery of e-commerce goods and the expansion of the digital economy. According to the World Bank’s Logistics Performance Index (LPI), which aggregates indicators on infrastructure, customs, logistics quality, tracking and tracing, timeliness and international shipment, the LAC region lags some way behind other regions and OECD countries in this regard (Figure 13.8). While Uruguay, Colombia, the Plurinational State of Bolivia and Brazil have significantly improved their global rankings in the LPI, improvements between 2007 and 2012 in the LAC area have occurred at a slower rate than that recorded in East Asia and the Pacific region, for example (World Bank, 2014b).

Despite the geographical proximity of LAC countries, freight costs are almost as expensive for intra-regional exports as they are for extra-regional exports, and sometimes more expensive1 (OECD, 2014c). World Bank data on www.doingbusiness.org indicates that there is still significant room for improvement in the overall business climate throughout the LAC region (World Bank, 2014a). Standardisation practices, infrastructure investment, logistics education and a coherent logistics strategy are needed to reduce logistics costs and promote e-commerce across borders in the LAC region.
The availability of the latest technology and firm-level technology adoption (addressed in Chapter 10) is moreover lower in LAC than in OECD countries (OECD, 2014c), which limits the full use of the existing infrastructure. ICTs can improve operational connectivity and connectivity among modes of transport, reducing cost and time by using systems that promote customs automation, are able to track the movement of goods, business-data security (telematics, traceability), information management and terminal operations.

Finally, payment methods can be a bottleneck for e-commerce expansion. Overall, the average credit card usage in the LAC region remains much lower than in OECD countries (see examples in Table 13.1). While credit cards are popular in some LAC countries, such as Brazil and Argentina, cash on delivery is also a common practice as a preferred payment method, as it is in Mexico (UNCTAD, 2015).

**Good practices for the LAC region**

**Consumer protection**

With sufficient data and information, the next step for policy makers is to examine the various issues that arise in practice and in sharing information. The first part of this section provides details on policy tools and examples of good practices across the three key phases of the customer relationship: customer acquisition, contracts/services and switching/termination. The second part focuses on good practices in e-commerce in general.

The first phase of consumer protection policy making refers to customer acquisition, that is, when consumers select between competing providers based on information provided by carriers. Factors that influence users’ choices, in areas such as broadband mobile services, include advertising, bandwidth/speed claims and bundle options. However, consumers this stage may not be aware of the offers available or be sufficiently informed to understand them. Each of the issues raised below represents an area of potential focus for LAC policy makers.
Advertising (misleading/fine print). Advertisements regarding services can be misleading and create false expectations about cost and performance. Disclaimers and subsidiary charges are often buried in the terms and conditions in fine print that consumers may not initially see or understand. Roughly 88% of countries in the region report having legislation or regulations in place that govern advertisements for communication services. These regulations are often linked to general regulations regarding advertisements for other products, but communications services tend to have more complex contracts and are the subject of more complaints than other sectors (Box 13.5). This means that policy makers should take steps to ensure that advertising for communications services is clear and truthful. As regulations and laws are in place in most countries, and the next step is to ensure they are enforced.

Box 13.5. Regulations for advertisements in the LAC area

Governments should have regulations in place to ensure that advertisements for telecommunications services are clear and reliable. The approaches vary slightly across countries, but often cover the same ground. Examples include:

- **In Chile**, advertisements must be trustworthy, verifiable and not fraudulent. Advertisements are classified as any communications that service providers make to the public, regardless of the means of communication (Chile, 1997).
- **Colombia**’s regulations emphasise that communication operators must provide all relevant information to consumers. Providers are required to provide clear, transparent, trustworthy information that is precise, complete and free to the user (CRC, 2011).
- **In Costa Rica**, Article 14 of the User Protection regulation establishes that “the operators and service providers, must provide clear, truthful, precise and sufficient information to consumers and users before entering into any contractual relationship”. This information must include the specific conditions about the service provision, the quality of the services and their rates. This information must also be established and included in the contract.
- **In Mexico**, the law establishes the rules service providers must adhere to in advertising their products. Information and advertising related to the goods, services and products, regardless of the channel or way in which they are distributed, must be truthful, comparable and must not include any text, dialogues, sounds, images, brand names, designation of origin, or any description, that could be deceptive or abusive, or lead to errors.

Broadband speeds. One area of concern for all stakeholders has been how best to advertise broadband offers. Broadband is typically advertised by the theoretical maximum speed that the technology can provide and not necessarily the speeds consumers will receive. Sometimes advertisements will preface the speed with “up to”, but others do not. Consumers need to understand that Internet bandwidth is almost always shared with others and that actual bandwidth is likely to be significantly lower than the headline speeds provided in advertisements. As broadband speeds vary across households, neighbourhoods and operators, consumers often have little insight into the speeds that they can expect. Consumer groups, content providers and even governments have taken steps to support the measurement of actual bandwidth that is available to subscribers on a network. Speed tests can be an important additional piece of information for consumers selecting between broadband providers (this is also addressed in Chapter 5). Nearly 40% of countries in the region report having government sites that help consumers test the speeds of their connections, usually relying on tools developed by third parties. Both public and private
initiatives play an important role in providing more transparency about bandwidth. The main steps recommended for increasing transparency for consumers in the LAC region are:

❖ adopting the best currently available datasets, such as the ones provided by private entities, in the short term, which will enable robust like-for-like comparisons between countries and over time

❖ working towards a longer-term goal of achieving a dataset based on common methodologies of measuring actual broadband speeds, with the first step being to agree on principles of good practices in data collection.

● Bundling. Bundled services have both benefits and drawbacks for consumers. In general, they are less expensive when purchased together. Consumer surplus from one good in the bundle can potentially “subsidise” another less-valued element, and they also allow for the integration of products in a way that benefits consumers. However, bundles can make it much more difficult to compare offers across providers. Consumers may also be required to purchase a bundle including a product they value with others they do not. Bundling can also make it difficult for subscribers to switch providers. Bundled communication services can increase competition if they offer more choices, higher quality or lower prices. On the other hand, they may also result in increased consolidation between fixed and mobile network providers and less competition in wholesale and retail markets. Consumers need to be able to compare bundles easily across providers, and it is preferable if stand-alone offers are always available. Some governments, for example Ireland’s, have created websites to facilitate comparisons across bundled offers (www.callcosts.ie) (OECD, 2015a).

● Consumer diligence. Another issue related to the consumer acquisition phase is lack of consumer diligence in reviewing material on service plans. Information about the plans is presented to the potential customer, but may either not be understood or be disregarded before the contract is signed. This presents problems later, as consumers encounter a term in the agreement they may not have realised was in force. To encourage customer diligence, the Brazilian government publishes a list of questions potential customers should ask of providers when signing up for new services (ANATEL, 2015). Such information sites are valuable if consumers are aware they are available. Policy makers can help promote knowledge of these sites and improve consumer education in broader ways. The Mexican regulator (IFT) provides consumers with a tariff comparison tool (http://comparador.ift.org.mx/) offering consumers information on services offered by the different providers in each geographical area, including prices.

The second phase of consumer protection policy making covers the monitoring of contracts and services after a consumer has entered into a contract with a communication provider. Issues that arise for consumers include inadequate disclosure of the terms of the contract, unfair billing practices (transparency, bill shock, cramming), quality of service issues, ineffective handling of complaints, and accessibility issues.

● Inadequate disclosure. This refers to a situation where consumers do not know or understand the full terms and conditions of their contracts, what the charges on their bills were for, and perhaps do not know how to have their questions or concerns addressed. Other issues include the complexity and length of contracts. Problems are exacerbated by consumers’ limited capacity to understand the legal terms being used. Governments can take steps to ensure that contracts are provided in a concise format that typical users can understand.
- **Unfair billing practices.** Unfair billing practices include those that lack transparency in the billing or contract terms, “bill shock” resulting from charges consumers were not expecting, and fraudulent charges charged by third parties that may go unnoticed on a bill. Bills need to be simple for consumers to understand and identify any fraudulent charges. Roughly 78% of countries in the region have guidelines in place that govern issues such as billing transparency, bill shock and cramming (Box 13.6).²

Box 13.6. **Improving transparency in bills and contracts in LAC**

The government of Argentina has developed a website called Conocé lo que pagás (“Know what you are paying”). The site provides clear information on user rights, including details of what needs to be included in bills from providers.¹ This can help users identify legitimate charges.

In Chile, the telecommunications regulator, SUBTEL, has a dedicated site where citizens and consumers can file claims against telecommunications firms.²

The government of Costa Rica ensures that users have detailed bills available to them. Items on the bill must be broken down clearly, and users may request separate bills for items representing additional charges on a contract (Costa Rica, 2010).

In Colombia, customers can file their claims on a specific website and can use a mobile app (Consumovil) to find information on their rights as well as how to file claims. Additionally, the Superintendency of Industry and Commerce is setting up an alternative dispute resolution (ADR) model for the four largest operators to try to resolve customers’ claims using a simplified model.


- **QoS.** Users on a network may experience varying levels of service quality. These can include spots with low or without coverage, outages or significant congestion that makes services unreliable or unavailable. Most countries in the region (89%) require networks to be monitored for quality of service, and many different approaches can be used. Regulators commonly require that coverage maps be made available online (Box 13.7).

Box 13.7. **Examples of approaches in the region to ensure quality of service**

Countries in the LAC region have adopted a variety of approaches to ensure QoS. Costa Rica, for example, requires operators to provide coverage maps of their networks that are published online by the regulator, SUTEL.

In Brazil, the regulator, ANATEL, uses a public consultation process to determine the QoS indicators that operators are required to collect. If there are irregularities in the data collection or calculation, a special procedure is set in motion to verify noncompliance (ANATEL, 2011).

In Colombia, the government has initiated measures to compensate users for dropped calls. For post-paid users, the calls are credited back in the next billing period by the operator. In the case of prepaid use, the compensation is credited back within 30 calendar days after the end of each month.

The government in Costa Rica conducts periodic reviews of the quality of service parameters that are defined in regulations as a way to keep up with technological and market developments (SUTEL, 2011).

In Peru, fixed telephony, mobile, long-distance and Internet providers in urban areas are subject to QoS reporting requirements.
Handling of complaints. A further important area for monitoring broadband contracts and services is how consumer complaints are handled. Complaints about communication providers that reach the regulatory authority can indicate that the operator’s system for handling complaints is not optimal. Governments in OECD countries have made handling these complaints a top priority by:

- **Pro-active development of responses to problems.** Industry self-regulation and co-regulation with regulatory authorities can be highly effective in some instances, provided that efforts do not undermine competition and openness.

- **Co-operation and dialogue with regulators and civil society** to address current and emerging issues. Engagement of stakeholders has proven highly beneficial and has played an important role in helping improve customer service.

- **Dispute resolution/redress mechanisms.** Governments have set up processes to resolve disputes and provide redress. Colombia, for example, has introduced a plan for consumers if they have an issue with their service and provides an incentive for operators to efficiently manage complaints and redress (Box 13.8).

### Box 13.8. Handling of consumer complaints in Colombia

Telecommunications operators are required to provide the following channels for consumers to submit complaints to the company:

- offices consumers can go to
- a dedicated web page for complaints
- a social network channel
- a free telephone number for complaints available 24 hours a day and 7 days a week
- an SMS function where consumers can complain about mobile services using the code 85432.

In addition, users can go to the consumer landing page of the national regulator, CRC, and submit their complaint via the webpage (www.crcom.gov.co/es/pagina/haz-una-petici-n-queja-o-recurso-pqr). Operators are obliged to respond to consumer complaints within 15 working days. The onus is on the operator rather than the consumer to follow up. If the consumer receives no reply, this will be interpreted as “affirmative administrative silence”, meaning that the operator has accepted the complaint. The operator has 72 hours to resolve the issue. If consumers are not satisfied with the reply provided by the operator, they may appeal, and the *Superintendencia de Industria y Comercio* will take over the case and resolve it.


Accessibility. Another important area for policy makers is ensuring that services are widely accessible to everyone, and, in particular, disadvantaged and vulnerable consumers. These groups often have less of a voice in policy making, so regulatory authorities should take special care to ensure that rules are in place to provide access to all. Chapter 6 addresses some of the good practices related to ICT access and use for people with special needs.

The third phase of consumer policy relates to actions regarding **switching of providers or termination of contracts.** Many of the provisions in the contract come into force when a user wishes to leave the provider. Several important policy issues arise as a result. Key policy issues related to switching include number portability, SIM locking rules, the general state of competition, contract periods and termination charges. Each is discussed below:
Number portability. Mobile and fixed-line number portability should be available because it eliminates an important barrier to switching carriers and results in more competitive markets. Number portability alone is not effective unless the process can offer a seamless transition between providers. Without a simple and effective porting process, many users will simply choose to stay with their existing providers even if better offers are available (Box 13.9).

Box 13.9. **Time to port numbers in the LAC region**

The length of time required to port a number varies across the region. The countries mandating the fastest porting times of 24 hours for mobile services are Chile, El Salvador, Costa Rica, Mexico, Panama, Paraguay and Peru. The process can take up to three days in Brazil, Colombia and the Dominican Republic.

Even more important than the time required to port a number is whether the process can be done with minimal disruption. Ideally, a user should be able to swap a SIM in the phone once the service stops working for the previous subscription, and then immediately begin with the new SIM card using the same number.

SIM locking. One way operators may limit users’ ability to change their mobile networks is by locking SIM cards to a particular handset, usually because it has been subsidised by the carrier. In markets with greater competition, the trend is for operators to move away from subsidising handsets, which allows users to pay for their mobile telephones (SIM unlocked) over time. In 2015, nearly half of all LAC countries reported rules governing SIM locking of mobile devices. Mexico has a law in place stipulating that users can request that their phones be unlocked once the device is paid for or when the contract period has finished (Mexico, 2014). In Peru and Colombia, SIM locking of mobile handsets by operators is not allowed.

Contract periods. Telecommunications markets move quickly, as a result of rapid technological change and competitive pressure. Consumers who lock into long-term contracts (e.g. two to three years) may end up paying the same rate for the duration of the contract even if prices drop for new subscribers. Shorter contract periods are better for consumers, making the market more competitive. An important policy issue is to remove auto-renewing contracts that restart a lock-in period after the first lock-in period ends. Renewing lock-in periods should not be justified as a way of recovering operators’ fixed costs.

Termination charges. Users may be charged a termination fee when they want to end a service. This can be the result of contracts that stipulate penalties for termination, or backloaded installation fees that need to be recovered when the user leaves. Both can create stickiness that locks in users and results in less than competitive markets. Policy makers can take steps to ensure that no excessive switching costs are incurred that could stop users taking a better offer elsewhere.

Lack of competition. Strong competition among providers benefits consumers by improving users’ bargaining position. By the same token, oligopolistic competition can lead to situations where service providers have more power to lock in customers for long contracts. It can also allow providers to limit the functionality of equipment and impose other requirements that favour the provider’s interests. From a policy perspective, it is important for governments to encourage the development of services that provide consumers with a range of quality products at competitive prices. A staple
of consumer policy should be to ensure sufficient market competition to expand consumers' choices.

**E-commerce**

A key policy area for promoting e-commerce is building sound frameworks for electronic settlements and payments. The main roles of a payment system are to provide a way of transferring value between different parties in the economy and to facilitate transactions at minimal cost. Its design will be optimal if organised to allow quick and effective value transfers, while imposing a minimum of additional costs and risks. High costs for the payment process may seriously affect economic activity, rendering transactions too expensive. Conversely, the lower costs of efficient payment systems can have a positive effect on economic growth (OECD, 2006).

Policy makers can help promote economic activity by promoting a framework for electronic settlements and payments. The OECD's “Policy Guidance on Mobile and Online Payments” (OECD, 2014b) provides a wealth of information on policy actions to build a framework for e-commerce that can be tailored to the LAC region. The main pillars of the framework are:

- **Information** on the terms, conditions and costs of transactions. This includes issues such as accessibility and readability of payment-related information; complexity of payment terms and conditions and clarity and transparency of billing statements.
- **Privacy implications** related to mobile and online payment. This covers issues such as the collection and use of payment data.
- **Security implications** of mobile and online payment transactions. This includes the protection of the security of consumer payment.
- **Confirmation process**. This includes issues such as transaction uncertainty.
- **Children**. This includes issues such as charges incurred by children accessing goods and services.
- **Varying levels of protection among payment providers and payment vehicles**. This includes information on consumer protection and levels of payment protection.
- **Fraudulent, misleading, deceptive and other unfair commercial practices**. This includes inconsistent payment-related information; renewable contracts, renewable subscriptions and repeat purchases; unexpected charges and consumer confidence.
- **Dispute resolution and redress**. This includes issues such as roles and responsibilities of parties and the cost of seeking redress.

Once governments have a legal and regulatory foundation in place to support e-commerce, the next step is removing barriers that inhibit the growth of businesses engaging in e-commerce or that prevent users from adopting the services. Many of these barriers are well documented in the literature and can limit the growth of e-commerce and overall economic activity. Some of the most common barriers to foreign market access, including via e-commerce, are (OECD, 2015b):

- **High customs administration and shipping costs**, which in particular obstruct “long-tail” economic transactions, and thus SMEs
- **High tariffs**, such as excessive taxes applied to imported goods; arbitrary tariff classifications, or competitors with preferential tariffs via regional trade agreements, unfavourable quotas and embargos
● **inadequate property rights protection**, including copyrights, patents and trademarks

● **a shortage of working capital to finance exports**, information to locate and analyse markets, and managerial time, skills and knowledge

● **requirements for local establishment of businesses**, including mandating local bank accounts, local data storage or requirements that a percentage of the company’s equity be held by domestic partners

● **high fees to register local country-code top-level domains**, whether for domestic or international firms

● **lack of trust** in e-commerce transactions

● **inadequate logistics to send goods to customers**, due to lack of infrastructure, integrated logistics policy frameworks, logistics education and/or less developed logistics sectors.

In an OECD survey of countries for this report, only 13% of countries identified regulatory barriers that could inhibit the development of mobile payments and banking in the country. Significant room for improvement remains in facilitating the overall business environment in the LAC region. Policy measures to reduce these barriers will especially benefit SMEs, which tend to have limited resources and skills to tackle obstacles. At present, SMEs rely increasingly on e-commerce intermediaries and marketplaces, such as Amazon or eBay. While these intermediaries make it easier for SMEs to access foreign markets and benefit from large network effects and economies of scale, the key role of online intermediaries in online and mobile markets may result in SMEs becoming dependent on such players.

When the foundational elements are in place and barriers for e-commerce are addressed, policy makers can focus on **promoting adoption of e-commerce both by businesses and customers**. Just under half of the countries in the LAC region (41%) report having public policies specifically to promote e-commerce. All OECD countries have adopted the OECD Guidelines on Consumer Protection in the Context of Electronic Commerce (OECD, 1999), which provides a policy framework for consumer protection in e-commerce.

Although many LAC countries still do not have strategies or public policy initiatives to promote e-commerce, several initiatives to promote it exist in the region. The Latin American Institute of e-Commerce (eInstituto), for example, is a regional organisation composed of e-commerce chambers or national associations that supports the development of the digital economy in the LAC region (Box 13.10). The region also has several national e-commerce chambers (Box 13.11).

The chambers of e-commerce play an important part in encouraging e-commerce among firms and consumers in the region. Several support the promotion of initiatives such as the Cyber Monday marketing campaign, an initiative to increase online sales by offering discounts on Mondays. In Uruguay, CEDU provides an online space (www.ciberlunes.uy) for firms to present their discounted products, acting as a catalyst for online sales. The major online retailers in the region (*Mercado Libre*, *Arredo*, *Aerobic*, *Toc Toc Viajes*, etc.) have participated in its earlier initiatives.
A regional initiative to generate trust among consumers in the LAC region is eConfianza, a label for e-commerce firms aligned with global best practices. Use of these labels has led to the adoption of best practices such as security, clarity of information, visibility of methods of payment and dispute-resolution mechanisms. Firms use the eConfianza label to differentiate themselves from other players, while providing consumers additional levels of trust. Other good practices related to trust in the area of privacy protection and digital security risk management are addressed in Chapters 14 and 15.

Box 13.10. A regional initiative for e-commerce in LAC

The Latin-American Institute of e-Commerce (einstituto) is a regional organisation that supports the development of the digital economy in Latin America with initiatives to consolidate and encourage online business. One of its main goals is to cultivate a regional network of local organisations that can learn from each other and promote each other’s interests. The network includes chambers or national associations of e-commerce from Argentina, Brazil, Colombia, Chile, Ecuador, Mexico, the Dominican Republic, Venezuela, Paraguay, Peru and Uruguay. Activities organised by the einstituto in each country are run by a local chapter, an organising committee and promoters. Its four main regional activities include a promotion programme, a capacity-building programme, the regional eTrust programme and the regional eCommerce+ programme.

In 2016, the einstituto planned to extend the regional eConfianza (eTrust) programme, to increase the quantity and quality of products and services that comply with best practices. It also planned to develop a Regional Cross-Border e-Commerce Programme. This pilot project aims to promote cross-border e-commerce in the region, working with the logistics sector and local suppliers in each country to expand their operations to neighbouring countries. Other initiatives include sharing statistics, indicators, definitions and studies to help measure the development of the digital economy and e-commerce.

The einstituto also represents Latin American interests in several international and multilateral organisations working to promote e-commerce, and is a permanent member at the Universal Postal Union, the Internet Corporation for Assigned Names and Numbers (ICANN) and the United Nations Commission on International Trade Law (UNCITRAL).


Creating national platforms such as forums or chambers for e-commerce is a good practice for identifying bottlenecks and developing solutions based on a multi-stakeholder approach. It is critical that customers and suppliers of e-commerce-based services help set priorities in national e-commerce strategies. Attention should also be paid to measures to facilitate the effective participation of SMEs.

Strategies for promoting e-commerce should be designed and implemented in conjunction with initiatives to improve logistics, trade and broadband infrastructure (addressed in Chapter 5), as well as to streamline regulations, ensure legal certainty and ICT literacy and skills development.
Box 13.11. Promoting E-commerce in LAC

**Argentina:** The Cámara Argentina de Comercio Electrónico (CACE) was created in 1999 to bring together companies that use and provide electronic commerce. Its mission is capacity building and development of electronic commerce. CACE also provides juridical and business assistance, contributions to legislations, international partnerships, certification, conflict resolution, electronic documentation and e-signatures, among other services (www.cace.org.ar/).

**Brazil:** The Camara-e.net (Câmara Brasileira de Comércio Eletrônico) brings together e-commerce stakeholders in a neutral arena to discuss the launch of e-commerce regulations in Brazil. The multi-stakeholder forum was created in 2010 and includes consumer groups, companies, Internet governance authorities (CGI.br) and academic representatives. Camara-e.net has been fundamental in promoting security in electronic transactions, formulating public policies for the sector and improving regulatory frameworks to promote the development of e-commerce in Brazil. It focuses on disseminating good practices and assisting capacity building in SMEs on issues related to digital identity, online payment, accessibility, security, insurance, online commerce and sustainability (www.camara-e.net/).

**Chile:** One of the main challenges for e-commerce in Chile is its adoption among SMEs. The Cámara Chilena de Comercio Electrónico (CCCE) and its members have developed a toolkit of best practices to highlight the critical areas for providing a good e-commerce experience. The CCCE facilitates a dialogue with the Chilean governmental consumer protection agency, SERNAC, and helps formulate Chile’s digital strategy. It has also organised capacity-building activities and events, such as Cyber Monday and Cyber Day, and will be launching an undergraduate degree on e-commerce to support professional development in this sector (www.camaradecomercioelectronico.cl).

**Colombia:** The Cámara Colombiana de Comercio Electrónico (CCCE) was set up in 2008, and by 2011 involved 26 companies promoting the development of online trade. Today, the chamber has 280 members and 8 committees covering: education and capacity building; promotion; documentation and electronic billing; statistics; government and regulation; logistics; m-commerce and payments/fraud. The chamber is permanently involved in activities to promote e-commerce in Colombia, such as trainings, outreach and branding. Some of its activities are exclusively for members, whereas others are open to non-members (www.cccce.org.co).

**Mexico** has several governmental agencies working to promote electronic commerce. Its areas of interest include protection of consumer rights, promoting the adoption of ICT in supply chains, promoting and consolidating cybersecurity plans and creating a culture of security for e-commerce users. The Mexican Association of the Internet (AMIPCI) was created in 1999 to promote the responsible and productive use of the Internet by organisations, private and public sectors and users (www.amipci.org.mx). AMIPCI has 200 members from a broad spectrum of sectors and works through several committees: e-commerce, security, infrastructure, professional services, mobility and emerging technologies, legal, education and culture, financial services, government affairs and market research. AMIPCI publishes yearly results of studies on the state of electronic commerce in Mexico, and organises events and studies to promote the Internet industry as a whole. The recently created (2014) Association of Online Sales of Mexico (AMVO) promotes e-commerce in Mexico through policy frameworks promoting safe social and economic development. Its objectives include ensuring transparency of the e-commerce laws; incentivising companies to operate online; promoting mechanisms to generate trust among businesses and consumers in e-commerce; improving the relationships with banks, to increase access and ease of payments (e.g. increasing the acceptance and use of credit cards); and organising capacity-building fora (www.amvo.org.mx).

**Uruguay:** The Chamber of the Digital Economy of Uruguay (CEDU) includes the main players in the domestic digital economy from the public and private sectors, such as regulators, e-government institutions, providers of ICT services, payment and finance, logistics, commerce and industry. Its main goal is to create a platform where companies can share common challenges and promote their interests collaboratively. It helps share best practices and technologies to develop the domestic digital economy (http://www.cedu.org.uy).
Conclusion

This chapter stresses the importance of informed and empowered consumers in driving and sustaining competition, which is critical if the region is to meet its broadband policy goals. Demand-side policies, once mainly linked to competition, have recently received greater recognition for encouraging firms to innovate, improve quality and compete in pricing. As communications services increase, more emphasis should be placed on consumer policy, to extend the range of consumer measures and provide better protection and access to information. OECD countries have developed a set of policy principles to ensure that consumer interests in communication services are adequately protected. This can be used as a source of guidance for the LAC region.

The main policy objectives for consumer protection in communications services broadly correspond to different phases in the relationship between the operator and the user. The consumer acquisition phase involves attracting customers through advertising and information on the services offered. Next, the contracts and engagement phase deals with disclosure issues, billing practices, quality of service and complaint handling. Finally, switching and termination of the relationship between the client and the service provider covers number portability, SIM locking and termination charges.

The introduction of e-commerce responds to a structural change in how commercial transactions take place over broadband networks, bringing them online and making them more efficient. Businesses benefit by enlarging the scope of the market and lowering operating barriers and costs. Consumers also benefit from information on goods and services, being able to locate sellers more easily, price comparisons, convenient delivery, and ease of purchase via a computer or mobile device.

The key policy objectives for e-commerce can be grouped into three main areas: creating a framework for electronic settlements, identifying the barriers for e-commerce (growth of businesses engaging in e-commerce or barriers preventing users from adopting it) and developing initiatives promoting the adoption of e-commerce among business and users.

Notes

1. Indeed, 20% of the total costs incurred in the transport of Paraguayan soy beans to Brazil and beef into Chile are the result of inefficiencies in the regional logistics chain (Schwartz et al., 2009). In some Central American countries, such as Costa Rica, Guatemala, Nicaragua and Panama, regional trade is hindered by poor-co-ordination and information problems, resulting in lorries returning empty (OECD, 2014c).

2. Cramming refers to the fraudulent practice of including unauthorised charges on a phone bill, often in a way that makes them look like standard or regulatory fees.


References


Further reading

Kantor, M. and J.H. Burrows (1996), Electronic Data Interchange (EDI), National Institute of Standards and Technology (NIST), Washington D.C.


