



TRANSPARENT DIGITAL FINANCE FOR CONSUMERS

A call to action for relevant, timely
and inclusive information to
improve consumer understanding
and trust.

TRANSPARENT DIGITAL FINANCE FOR CONSUMERS



The global consumer movement calls for urgent action to improve consumer understanding and trust in digital finance services through greater transparency. Consumers need relevant, timely and inclusive information to make informed decisions and be better protected from harm.

THE PROBLEM: OPAQUE, MISLEADING AND INACCESSIBLE INFORMATION

Billions of consumers around the world use digital finance services, from payments to credit, savings, remittances, insurance and more. Fair and responsible digital financeⁱ has the potential to deliver exciting opportunities and benefits for consumers. But lack of transparency - regarding terms, costs, risks and redress – is stopping consumers from making informed decisions about digital finance, leading to harm.

The rapid evolution of digital finance has created unique challenges for consumer protection globally, with many traditional frameworks not yet fully equipped to deal with digital risks. While good initiatives exist, harmful practices have thrived in the absence of mandatory oversight and guidance, damaging consumer trust in digital finance.

Greater transparency in digital finance is a priority issue for Consumers International Members^{ii,iii}, with increasing evidence that opaque, misleading and inaccessible information is causing harm, particularly for low-income and vulnerable consumers. Our Fair Digital Finance Accelerator - a powerful network of Members in low and middle-income countries - highlights lack of transparency as a key contributor to low levels of trust in finance providers.

To build consumer confidence and unlock the full benefits of digital finance for all, action must be taken to increase transparency and consumer understanding.

Over 5 billion people around the world now use digital payments.^{iv}

OUR GOAL

Our goal is for all consumers to be provided with the right information, at the right time, in a format they understand, so they can exercise their right^{v,vi,vii} to make informed choices about digital finance that lead to positive outcomes. Greater transparency means relevant, timely and inclusive information.

Transparent, responsible and accountable systems will reduce risks of harm and empower consumers to navigate the digital finance landscape with confidence, leading to better experiences and enhanced financial wellbeing.

OUR CALL TO ACTION

Consumers International and its Members call on all stakeholders in the digital ecosystem to take urgent action to drive improvements to transparency and make our vision a reality.

While strong international principles provide a valuable framework for consumer protection in digital finance,^{viii,ix,x} delivering significant change means transforming principles into action, with consistent application of good practice at a national level.

Providers of digital financial services must take responsibility for enhancing communication clarity, accuracy and accessibility. But it is equally important that industry actions are strengthened by others in the digital finance ecosystem. Only through effective collaboration can we cultivate an environment where consumers are equipped to make informed choices, creating a thriving, resilient and equitable digital finance landscape for all.

In 2023, **57%** of consumer bodies cited 'lack of transparency in fees and charges' as a significant factor causing lack of trust.^{xi}

IMPROVED DIGITAL TRANSPARENCY BENEFITS ALL

Greater transparency in digital finance delivers benefits for consumers, governments, industry, the economy and society as a whole.



Consumers benefit from:

- Services that are safer, easier to use and more suited to needs
- Improved financial wellbeing
- Ability to make better choices that lead to positive outcomes
- Reduced risk of harm
- Greater confidence in digital finance

Businesses benefit from:

- Understanding and meeting customer needs
- Improved quality of information
- Greater customer satisfaction, fewer problems and complaints
- Enhanced reputation and customer loyalty
- Greater take up of services
- Ability to demonstrate ethical and social responsibility

Governments, regulators and policymakers are able to:

- Deliver on consumer protection goals
- Reduce social inequalities and increase financial inclusion
- Build safe and effective markets
- Increase consumer trust
- Promote innovation and competition
- Drive economic development

LACK OF TRANSPARENCY AND CONSUMER HARM

BARRIERS TO CONSUMER UNDERSTANDING IN A DIGITAL AGE

Digital interfaces, designed in the right way, have the power to improve accessibility and understanding, but there's also greater potential for consumers to be disadvantaged, confused or misled – either by accident or by design. Key terms and important facts can be lost in detailed 'information overloads' or buried beneath multiple clicks. Choice architecture can 'nudge' consumers towards more expensive services, for example, or steer them away from certain options, like how to cancel or complain.

While mobiles can be convenient, smaller screens can make it harder to understand complex information. The nature of digital technology means that financial decisions are made more quickly, with less time to reflect.

Consumers in vulnerable circumstances may find it more difficult to understand information, putting them at greater risk of harm from poor transparency practices.

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CONSUMER HARMS FROM LACK OF TRANSPARENCY

If consumers don't get the right information, at the right time, in a format they can understand it can lead to:

- Barriers to access
- Financial exclusion
- Loss of choice
- Poor management of personal data
- Bias and discrimination
- Loss of privacy
- Increased risk of fraud and financial abuse
- Financial loss
- Over indebtedness
- Psychological harm e.g. negative impact on mental health
- Loss or limitation of rights
- Restricted access to justice
- Loss of trust

In 2021, consumers and businesses worldwide lost £187 billion to hidden fees on exchange rates when making cross-border transactions.^{xii}

IMPACT OF POOR PRACTICE ON CONSUMERS' LIVES, KEY ISSUES HIGHLIGHTED BY MEMBERS






PRINCIPLES FOR TRANSPARENT DIGITAL FINANCE

All consumers have a right to make informed decisions about digital finance services that lead to good outcomes.^{xv xvi xvii}
Effective and meaningful communication of key information is critical to consumer understanding.

WHAT IS TRANSPARENCY?

To achieve greater transparency, information must be:

| | | |
|---|---|--|
|  RELEVANT Honest, accurate and useful. |  TIMELY Provided at the most suitable time to support informed decisions. |  INCLUSIVE Presented in an accessible and understandable way. |
| THIS MEANS: | THIS MEANS: | THIS MEANS: |
| Information that is necessary and appropriate to the consumer. Full disclosure, with no material omissions. Not misleading. | Important information at suitable points in the consumer journey. Key terms up front (before contracts agreed or money paid). Advance notice of changes to terms or prices. | Clear, simple language, free of jargon. Designed and communicated effectively to meet needs of the target audience. |

WHAT DOES GOOD PRACTICE LOOK LIKE?

Digital finance providers can significantly improve consumer understanding of online information by employing good practice techniques:^{xiii}

- **Layering** - summarise key information up-front and signpost to more details below.
- **FAQs** - display key terms as frequently asked questions.
- **Visuals** - use icons, images and videos to illustrate key terms or explain difficult concepts in a more engaging way.
- **Reduce 'clicks'** - display terms in a scrollable text box instead of requiring a click to view.
- **Need to know** - provide information in short chunks at the right time rather than everything all at once.
- **Read time** - tell customers up front how long it will take to read policies or terms.
- **Final warnings** - advise when it is the last opportunity to read information before making decisions.

62% of our members say that **digital and financial literacy** is a significant challenge for consumers in their countries.^{xiv}

WHAT INFORMATION DO CONSUMERS NEED?

To support informed decisions, consumers must be provided with:

| CLEAR INFORMATION ABOUT... | TO HELP THEM UNDERSTAND... |
|---|--|
|  BUSINESS AUTHENTICITY | If a provider is registered with, or authorised by, a regulatory body or trusted association. |
|  KEY SERVICE FEATURES | What the service offers, what is included and excluded. |
|  RISKS AND WARNINGS | How to stay safe from risks, like fraud, and the consequences of certain actions, like defaulting on repayments. |
|  PRICES | Regular payment amounts, total costs over time, and all additional fees, charges and interest they may incur. |
|  TERMS AND CONDITIONS | The legally binding rules of their agreement regarding consumer rights and protections, exclusions, amendments and cancellation. |
|  QUERIES AND HELP | How to seek clarification and get the help they need. |
|  REDRESS | Who's responsible. How to complain and access further dispute resolution, with clear contact details and timelines. |

CALL TO ACTION, BY STAKEHOLDER

We are calling on all actors in the digital finance ecosystem to take urgent action to improve consumer understanding and trust, through greater transparency and accountability.

Each must play their part to review existing transparency practices, set goals and deliver innovative solutions that will reduce harm and unlock potential benefits of digital finance for all consumers.



DIGITAL FINANCE PROVIDERS

- Recognise their role in supporting consumers to make informed decisions.
- Take a proactive approach to understand legal and regulatory responsibilities.
- Utilise existing good practice guidance on accessibility of online communications.
- Conduct research with consumers (or groups that represent them) to understand the information they need, and to test the effectiveness of communications.
- Provide effective complaints-handling systems and analyse consumer feedback and complaints to inform improvements to communications.
- Be able to demonstrate what actions are being taken to improve consumer understanding and how these are contributing to good outcomes.
- Collaborate with government, regulators and others in industry to share best practice, raise standards and improve consumer confidence in the sector.



GOVERNMENTS, REGULATORS, POLICY MAKERS

- Use international principles to inform and shape policies and actions.
- Develop and strengthen legal, regulatory, and supervisory framework to:
 - Set clear expectations for consumer information.
 - Proactively monitor markets for transparency-related harms.
 - Deliver effective deterrents and enforcement for poor practice.
 - Provide independent systems for redress and dispute resolution.
- Develop policies to safeguard consumers' personal information and promote secure and ethical use of data in digital financial services.
- Develop and use good practice guidance on relevant topics, such as accessibility of online communications. For example, standardised communication formats.
- Engage with consumer stakeholders to understand needs, raise awareness of rights, provide independent advice and improve digital and financial literacy.



INTERGOVERNMENTAL ORGANISATIONS

- Raise awareness of international high-level principles for consumer protection and understand and drive action and accountability to these principles.
- Support government, regulators, providers and civil society to drive accountability.



NATIONAL CONSUMER ORGANISATIONS

- Support national approaches to improve consumer awareness of digital rights and redress through campaigns and publications.
- Highlight examples of good and poor business practice.
- Campaign for industry, government and regulators to take action to increase transparency and accountability of consumer information.
- Continue to advocate for all consumers of digital finance, including those in vulnerable circumstances.
- Engage in national and international consumer protection processes, including consultations and voluntary standards, to ensure consumer stakeholder voice is heard.



DONOR COMMUNITIES AND FUNDERS

- Promote responsible finance standards among digital finance providers.
- Influence investee companies to empower consumers through inclusive digital financial awareness and digital literacy.
- Fund research into consumer risks related to digital finance transparency and ensure these are built into project design and evaluations.
- Support design, enhancement and enforcement of governance frameworks that incorporate best practice to increase consumer understanding in digital finance.

SPOTLIGHT ON GOOD PRACTICE: INDUSTRY

Our members highlight industry initiatives to improve transparency of consumer information.



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Clear and concise Information (Chime Bank, US)

Chime offers a mobile banking app with a focus on transparency. Its 'Fee Schedule' and 'Help Center' pages clearly explain all fees and data privacy practices.

<https://www.chime.com/no-fees/>



User-friendly formats (Monzo Bank, UK)

Monzo offers its transparency statement in a user-friendly format on its website. It uses simple language and visuals to explain complex topics like fees and charges.

<https://monzo.com/help/travelling/understanding-fees>



Transparent Complaint Management Process to Customers (Mobilink Bank, Pakistan)

Mobilink Bank, in collaboration with Jazz Cash in Pakistan, offers transparent complaint management, with diverse channels for customer feedback. They ensure transparent resolution timelines, setting clear expectations. Dissatisfied customers can seek external recourse through the State Bank of Pakistan. This commitment is evident in their communication with consumers.



Campaign to tackle hidden fees (Wise, Global)

Wise is a global technology company allowing people and businesses to move money across borders and spend abroad. It has launched campaigns on price transparency in the UK, EU, US, Australia and Brazil, among others, to tackle hidden charges and marked-up exchange rates for cross-border payments, and to promote full disclosure.

<https://wise.com/gb/blog/the-state-of-transparency>



Customer feedback to drive improvement (Nubank, Brazil)

Nubank utilizes a feedback form directly embedded in its transparency statement, allowing customers to easily offer suggestions for improvement.

<https://nubank.com.br/en/>



Early notification of change in transaction fees to consumers (M-Pesa, Kenya)

In Kenya, M-Pesa a product of Safaricom Plc issues public notification of changes in fees, this is also done via SMS notification and a schedule of transaction fees is displayed at all M-PESA touch points.

SPOTLIGHT ON GOOD PRACTICE: OTHERS

Our members highlight initiatives from governments, regulators and standards bodies, which can support industry good practice, improve consumer understanding and trust.



Credit card comparison tool (Regulator, Mexico)

To support consumer decision-making and understanding, Condusef developed an independent platform that allows consumers to compare the interest rates, benefits, and insurance of different credit cards. Consumers can tailor results by entering information about income level, preferred bank and repayments.

<https://tarjetas.condusef.gob.mx/>



Transparency best practice recommendations (Central Bank, Portugal)

In 2020, the Banco de Portugal established best practice to enhance information transparency, which must be adopted by supervised institutions when selling retail banking products and services through digital channels. These recommendations aim to: (i) ensure that bank customers are provided with complete and appropriate information; (ii) facilitate choice; (iii) increase efficiency of regulatory oversight.



A consumer duty (Regulator, UK)

The Financial Conduct Authority (FCA) introduced a Consumer Duty in 2023 requiring firms (including digital) to put customers' needs first. 'Consumer Understanding' is a required outcome. Rules are supported by guidance to provide greater clarity for firms. The Duty underpins policy, supervision and enforcement, and firms must evidence how they are delivering good consumer outcomes. www.fca.org.uk/firms/consumer-duty



Consumer understanding of online T&Cs (Voluntary standards, international)

A new ISO standard (ISO 21800) is being developed by global experts to define good practice for the design and presentation of online terms and conditions. Voluntary standards can underpin legislation or be referenced by regulators as a way to meet obligations. Consumer stakeholders wanting to participate should contact their National Standards Body. www.iso.org/members.



Mobile money consumer campaign (Consumer organisations, Kenya)

The Kenya Consumers Organisation (KCO) and Youth Education Network (YEN) report that use of mobile money services in Kenya increased rapidly following the pandemic. Consumers would borrow funds from any platform that approved their application, unaware of high interest rates, leading to over-indebtedness and defaults. Mobile apps operating from 'briefcase offices' made redress very difficult.

To address these problems, KCO and YEN ran a community awareness campaign, aimed at the most vulnerable. They successfully advocated for the Central Bank to audit mobile money platforms against strict policy criteria, and to publish a full list of authorised lenders (expected soon) to help consumers make informed decisions about who to trust.



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Consumers International brings together over 200 member organisations in more than 100 countries to empower and champion the rights of consumers everywhere. We are their voice in international policy-making forums and the global marketplace to ensure they are treated safely, fairly and honestly.

Consumers International is a charity (No.1122155) and a not-for-profit company limited by guarantee (No. 04337865) registered in England and Wales.

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