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BANGLADESH CONSUMER PROTECTION IN THE DIGITAL AGE

Policy Research Institute of Bangladesh (PRI)

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Executive Summary

Digital services are evolving rapidly with a growing array of new technologies offering financial and non-financial services. The world is witnessing a digital transformation that is profoundly impacting the economies and societies, changing the ways in which consumers interact with each other and make their presence in the online marketplace while leaving digital footprints that are being leveraged to create new products, services and customer base. Due to the rapid growth in the use of internet, smart phones and other technologies, digitization has provided easy access to goods, online shopping, convenient payment methods, improved services, and increased range of choices. The growing popularity of e-commerce and mobile payment systems have made purchases, transactions, and various digital activities convenient and instantaneous.

Along the growth path, it also brings in challenges related to consumer protection. Digital transformation and increasing use of digital financial services have affected long-standing consumer policy issues, such as information asymmetries and inadequate disclosures, misleading and unfair commercial practices, consumer fraud, dispute resolution and redress and the protection of vulnerable consumers.

These issues can interact with inadequate financial literacy and awareness, ambiguity in redress mechanisms, lack of proper data governance and privacy policy, cyber security breaches, etc., making consumer protection a daunting task.

The most common risks identified in the digital finance industry in Bangladesh can be categorized using the OECD risk matrix of digital financial services. Consumer or demand driven risks such as low financial literacy (28% in Bangladesh[1]), technology-driven risks such as inadequate mobile application security, network coverage and cyber security, regulations-driven risks such as ambiguity in complaint management, and inadequate data governance and privacy policy, and market-driven risks such as lack of awareness among potential users, and digital profiling, put consumers of Bangladesh in a position of high data breach and privacy risks. Evidently, risks as such prove to be specifically detrimental for financially vulnerable consumers and gives rise to a distrust in the present DFS infrastructure, hindering growth of digital economy and financial inclusion.

For a developing country like Bangladesh, the significance of mobile financial service (MFS) and financial inclusion could not be overstated. Still at its early days and rising, the use of digital platforms became increasingly relevant and indispensable for both consumers and businesses during the pandemic. Over the period of 2018 to 2021, e-commerce transactions in Bangladesh witnessed a gradual rise from BDT 2240 million in March 2020, to BDT 11836 million in May 2021. Any distrust and inconvenience consumers face can reverse this progress made and significantly impact Bangladesh's drive to financial inclusion.

While it is commendable that Bangladesh has shown tremendous potential and progress in this field, the unprecedented scale and associated complexities of digital systems can test capabilities of the regulators. The rise in use of digital platforms was not supported with adequate data privacy and cybercrime

[1] Bangladesh Financial Inclusion Insights, 2018

protection framework. According to an analysis by Economist Intelligence Unit (EIU), Bangladesh's legal and regulatory provisions for data privacy and cybercrime protection remain at a very low level (Bangladesh is given a score of 18 out of 100). This shows potential vulnerability of Bangladeshi consumers in the digital market.

The country is yet to set a specific law on data privacy and protection, while the MFS regulations 2018 lack specific and detailed provisions on how consumer data can be accessed and in which case, consumers right to know on the type of data and its usage, how the collected data is processed and the right to withdraw consent at any point in time, besides other minimum requirements for protecting consumers. There is also the issue of lack of adequate monitoring of the digital financial markets by the regulators and low awareness among the consumers themselves of impending risks, while consumer rights groups are constrained in terms of capacity to support the development of a secure infrastructure for the digital economy.

Given the increasingly digital environment for financial products and associated risks, the OECD has established a set of principles to enhance financial consumer protection, which includes determining what is required to help consumers gain the confidence, knowledge, information, security, and choices to enable them to fully participate in financial markets[2].These principles were designed to assist policy makers in developing relevant regulatory frameworks, and beyond OECD countries these principles are widely referred to in assessing financial consumers' protection. While Bangladesh has shown existence and practice of laws against most principles of the OECD framework, there are still major limitations. Lack of specific and effective consumer protection framework for digital crimes, inadequate data protection and privacy laws, and weak monitoring and redress programmes, among others, put Bangladesh behind many of the comparator countries that are performing much better in the field of consumer protection.

According to a Consumer Protection Index produced by The Economist Intelligence Unit, Bangladesh scores a low 32 out of a possible 100, well behind India and Indonesia with scores of 81 and 80 respectively, Pakistan with a score of 76, followed by the Philippines and Thailand, scoring 75 and 69 respectively.

Establishing a prudent and comprehensive protection framework for DFS is thus extremely important to cater to all segments of the financial sector. Extensive guidelines are required to comprehensively bring all financial institutes under one umbrella with specific and detailed regulations, and to ensure proper transparency and disclosure, applicable for all financial consumers in banks and DFS. Dedicated data protection and privacy laws are also required to protect consumer's data, its collection and usage, confidentiality, and security. Special attention should also be given into monitoring and enforcements of regulations.

The Bangladesh National Financial Inclusion Strategy states the need to 'promote financial literacy and consumer empowerment' and envisions to formulate "Consumer Protection Framework" and "Grievance

[2] Following the call by the G20 Leaders at the Seoul Summit in November 2010, the G20/OECD Task Force developed the G20/OECD High-Level Principles on Financial Consumer Protection. These Principles were later adopted by the OECD Council as a Recommendation in July 2012, thereby expanding the coverage of the principles to include all OECD member countries.

Redressal System" by all financial sector regulatory bodies separately. This needs to be prioritized and done accordingly, at the earliest possible.

Overall, discussions and findings from the paper highlight certain areas where further policy attention is needed to improve the state of consumer protection in the digital field in Bangladesh. These are:

- Establishing an autonomous financial consumer protection framework that is unique to MFS or e-money users, under which providers will be subject to similar transparency, fair treatment and dispute resolution requirements as banks and other non-bank financial institutions.
- Establishing and monitoring data protection frameworks and privacy laws for the digital financial services industry. The data protection laws should apply to all entities and individuals that gather and process customer data.
- Ensuring proper monitoring and enforcement mechanisms of existing regulations; credible and effective enforcement mechanism will ensure adherence to regulations.
- Introducing a comprehensive digital financial literacy strategy by imbedding digital literacy programmes into the national education curriculum and conducting financial literacy trainings in vulnerable communities throughout the country.
- Building capacity of consumers' associations in digital financial services for their being able to play the role of a watchdog and help promote consumers' awareness
- Establishing an accessible, timely and efficient complaints and redress mechanism to enhance users' trust and uptake of DFS, and their resilience to financial risks.

I. Introduction

FinTech solutions and innovations in digital financial services (DFS) are gaining rapid momentum in Bangladesh boosting financial inclusion efforts. Many consumers today, especially those who prefer using digital platforms, are moving beyond the basic cash-in and cash-out practices to an extended array of other services ranging from money transfer, bill payments, donations, mobile recharge, government services, cross border remittances, etc. Today, both financial institutions and regulators are required to stay in pace with advancing technologies in the financial field, to provide users with desired and increased range of digital services while maintaining consumers' trust and confidence in the industry and reducing consumer risks to the minimum.

Considering the enormous role that DFS can play for financial inclusion, policymakers and financial regulators around the world have provided enabling environments for the relevant digital technologies (fintech) and business models to flourish. In many developing countries, DFS has emerged as a powerful instrument for last-mile banking facilities taking advantage of the growth in mobile financial services (MFS).

Bangladesh witnessed an eighty-one percent increase in internet banking customers from December 2018 till May 2021. During the same period, rural MFS account holders increased by thirty-three percent and urban account holders increased by sixty-eight percent. This has resulted in a surge in Bangladesh's MFS account transactions by approximately sixty-five percent during the mentioned period (Economic Data, Bangladesh Bank)[3].

The global pandemic has provided a gateway for people to become more dependent and responsive than ever to the DFS ecosystem. As evident from the increasing use of internet banking and MFS accounts, many consumers in Bangladesh pivoted towards digital platforms like Facebook, Instagram and other online marketplaces such as Daraz, Pickaboo, ChalDal, etc. Given this, Bangladesh witnessed an upward trend in the transaction amount of the e-commerce sector from BDT 2240 million in March 2020, to BDT 6404 million in July 2020, and BDT 11836 million in May 2021[3]. Given the impressive surge in use, many believe within 5 years, there may be a scenario where mass people would be habituated to e-commerce activities, if not dependent.

Evidently, impressive boosts in digital financial activities as such are often associated with risks of monetary loss and exploitation of consumers. To minimize these risks and to ensure fair competition and treatment of customers by DFS/MFS providers, regulators worldwide are developing and incorporating consumer protection requirements. In Bangladesh, the recently developed National Financial Inclusion Strategy (NFIS-B), highlights 12 strategic goals comprising 65 targets on financial inclusion. Four of the strategic goals complement the work towards consumer protection as these particularly focus on the issues of consumer protection, financial risks, regulatory environment and strengthening DFS and fintech.

[3] Bangladesh Bank: Economic Data

This clearly highlights the significance attached to the risks emanated from DFS/MFS uses and the absolute need to ensure consumer protection in an emerging economy like Bangladesh.

Concerns with digital crimes such as phishing scams, account hacking, identity theft, fraud, and digital profiling are still quite prevalent in the digital field of the country. A report by Cyber Crime Awareness Foundation (CCA Foundation) states that cybercrime in Bangladesh has increased in line with the surge in use of IT during the Covid-19 pandemic. More than 11.48% customers of the e-commerce sector were deceived in 2020 from various e-commerce and Facebook commerce (f-commerce) websites[4]. The number was previously 7.44% in 2019 (Cyber Crime Trend in Bangladesh 2020). It shows that although online enterprises and digital payment platforms are sprouting up in Bangladesh, comprehensive legal framework is yet to be put into place.

Inadequate knowledge about use, safety, and scopes of mobile wallets can discourage many potential customers from using digital platforms and opening MFS accounts. The rural areas in particular are most vulnerable where women of marginalized households have limited knowledge of net banking & e-wallets, hence are either largely excluded from the use of such technologies or more prone to risks if given access to these.

Despite the evident drawbacks, the digital transformation that is underway in our economy has provided consumers with a wealth of commercial opportunities and convenience. Given this, Bangladesh Bank has established efficacious regulations regarding MFS practices by circulation of Bangladesh MFS Regulations - 2018. Additionally, the Bangladesh Financial Intelligence Unit (BFIU) has also introduced detailed Anti Money Laundering/Combating the Financing of Terrorism (AML/CFT) guidelines (BFIU Circular- 20) for MFS providers to strictly adhere to all issues to thwart possible Money Laundering and Terrorist Financing (ML & TF) risks and more.

Considering the growing transactions in the digital sphere, our report has been developed to provide an overview of selected key challenges faced by consumers of digital financial services in Bangladesh. The study tries to identify primary consumer protection issues in mobile and other digital financial services and the ways in which regulators can address them. Adequate literature review, background research and interviews with market players and stakeholders extensively contributed to the preparation of this paper.

Following brief introduction, the second section, Section II, of the report discusses consumer protection issues in Bangladesh. The section outlines a comprehensive risk matrix of digital financial services in the country. The multifaceted scope of DFS mirrors the diverse risks associated with it across four broad categories – consumer driven, market driven, technology driven, and regulatory driven. The section follows by analyzing the developments made and/or deficiencies prevailing in the field of consumer protection in Bangladesh using relevant components of the ten G20/OECD High-Level Principles on Financial Consumer Protection. Section III provides a detailed analysis of the country's existing regulatory environment and policies in place using the Economist Intelligence Unit (EIU) Global Microscope database.

[4] Saddam Hossain: 11.48% customers victim of online shopping scams in 2020, Dhaka Tribune, June 2021

With the use of the EIU scores, this section tries to assess the enabling environment for financial inclusion in Bangladesh and comparator countries using multiple indicators divided across five categories: i) government and policy support, ii) stability and integrity, iii) financial products and outlets, iv) consumer protection, and v) infrastructure. After analyzing the intricacies of causes that drive risk, we move to section IV that provides policy suggestions in dealing with challenges of consumer risks in the short and medium run.

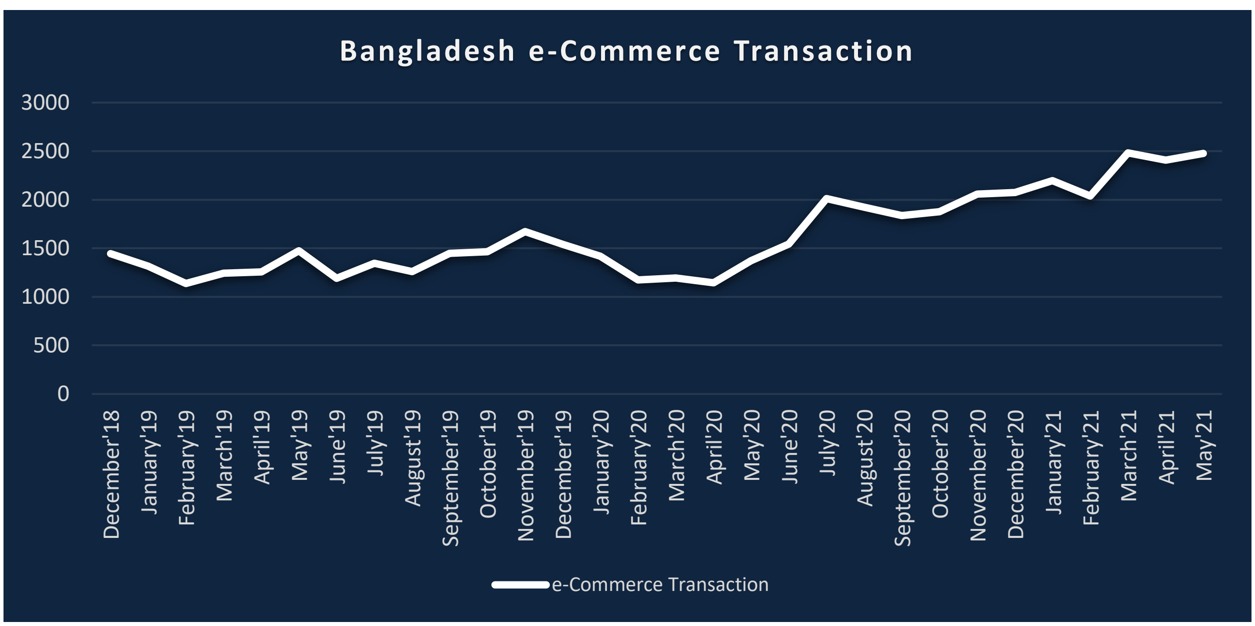
II. Consumer Protection in DFS

Risks of digital financial services

To combat risks triggering from digital footprints, governments around the world are bringing laws to ensure that organizations collecting user information for any number of purposes have the required security measures in place. This is primarily done for the protection of data and prevention of data breaches.

Digital footprints left from online purchases are often used for personalized advertisements in Bangladesh. The rate of unwanted adverts has increased tremendously in the last few years due increasing use of online platforms for financial transactions which led to excessive use of digital profiling. While it is commendable that Bangladesh has shown tremendous potential and progress in the field of digital financial services, the unprecedented scale and associated complexities of digital systems can test capabilities of our regulators. As shown in figure 1, over the period of 2018 to 2020, e-commerce transaction has witnessed a gradual rise, however the rise was not supported with adequate data privacy and cybercrime protection framework. According to analysis by Economist Intelligence Unit (EIU), Bangladesh's EIU Microscope score has remained stagnant and low for data privacy and cybercrime protection for two straight years at 18 out of 100[5] (for detailed analysis of EIU indicators, please refer to section III). This shows how vulnerable Bangladesh's consumers are in the DFS market.

Figure 1: Trend of Bangladesh e-commerce transactions



Source: Bangladesh Bank, EIU

[5] EIU scored 0-100 where 100= best environment for financial inclusion

With a broad target market that includes the unbanked, poor, and vulnerable groups with inadequate financial literacy[6] and technological know-how, DFS users are likely to remain exposed to various risks stemming from digital platforms.

Figure 2 summarizes the most common risks identified in the digital financial industry utilizing a framework by OECD in which the associated risks are characterized under four broad categories, viz. market driven, regulation and supervision driven, consumer driven, and technology driven.

Figure 2: Risk to consumers based on the OECD risk matrix of digital financial services

Market Driven

- Risks associated with misuse of unfamiliar financial products and/or the exploitation of uninformed and unaware consumers.
- Risks associated with lack of privacy, security, and confidentiality of data.
- Risks occuring from exclusion of vulnerable/marginalised groups and inappropriate or excessive use of digital profiling to identify potential customers.

Regulation and Supervision Driven

- Uneven levels of protection within the country through inadequate disclosure and redress mechanisms
- Lack of consideration of data protection issues
- Lack of coordination among authorities for example with respect to technological advancement or new types of digital financial services.

Consumer Driven

- Risks associated with discrepancy between lack of digital and financial literacy and growing digitalization in financial actions/decisions

Technology Driven

- Risks associated with misuse of data including big data and small data (e.g transactional, airtime data)
- Unreliability of mobile networks and digital finance platforms leading to inability to carry out transactions
- Cybersecurity and opeartional risks

Source: OECD (2018), G20/OECD Policy Guidance on Financial Consumer Protection Approaches in the Digital Age

Figure 3 below attempts to capture some of the salient features of the Bangladesh DFS consumer base and ecosystem that contribute to various risks as identified in the OECD framework. A major source of the difficulties faced by consumers today, which put them in a position of high data breach and privacy risk, is that financial literacy is at a low rate of 28% in Bangladesh[7]. Amongst other key predictors, low financial literacy highly compromises the DFS readiness of consumers in the field of digital finance. Inadequate

[6] Financial Literacy: set of skills and knowledge required for an individual to make informed and effective decisions with financial resources

[7] Bangladesh Financial Inclusion Insights, 2018

financial literacy makes it difficult for individuals to understand the financial landscape, manage financial risks effectively, and avoid financial pitfalls. In addition to this, there will always be users with low levels of education, having trouble to remember complicated password combinations and regularly requiring help of third parties to read OTP messages.

Consumer-driven risks are also triggered from mobile pooling in poorer communities (Figure 3). In marginalized households, one cell phone, often belonging to the head of the household, is used by all the family members. This is true for many rural communities in which few MFS accounts are used by many villagers. Abuse of mobile money account in disguise of the registered users is extremely plausible under such circumstances. Mobile pooling, although an unavoidable issue for many vulnerable and poor households, can very well lead to increasing fraudulent activities. These situations also make identification of beneficiaries for social safety programmes difficult as the registered customer and the actual beneficiary can be totally different persons.

Figure 3 further highlights technology driven risks associated with inadequate mobile application security, network coverage and cyber security and operational risks. Network or platform unreliability can result in some unsafe customer behavior such as leaving cash or personal identification numbers (PINs) with agents to finish a transaction when the network returns. This practice often puts customer funds at risk. Also, customer can temporarily lose authority to his/her fund if the network disruption is too frequent.

A pressing market driven risk as shown in figure 3 originates from unequal access to digital resources. Official identification, access to mobile phones and SIM card ownership are considered key resources for adopting and using DFS, especially mobile money. While there is no significant gender gap in possession of necessary IDs, 18 percentage point gender gap was witnessed on sim card ownership, and 13 percentage point gender gap in mobile phone access in 2018 in Bangladesh (Insights, 2018). Lack of these resources could hinder individual mobile money account ownership, which can empower women and give them greater control over their finances (FII 2018: Bangladesh Wave 6 Report).

Furthermore, figure 3 portrays regulation and supervision driven challenges such as ambiguity in complaint management, lack of implementation of proper KYC protocol by some agents which can pose risks of money laundering and terrorist financing, and lack of proper data governance and privacy policy which can compromise customers' financial and personal data allowing a third party to replicate customer's identity in the system or gain unauthorized access to their information. Bangladesh's EIU Microscope score on "data protection laws and privacy bills" is zero out of 100 for the year 2020 implying that the country does not have adequate data protection and privacy regulations that impact the provision of financial services ((EIU), 2020) .

Figure 3: Common Challenges Associated with Digital Financial Services (DFS)

Consumer Driven (Demand end)

Financial Literacy

28%

of the adult population were considered to be financially literate in 2018

(N= 6000; Bangladesh FII,2018)

Difficulty in Interpreting App Content

Stakeholders during key informant interviews expressed that MFS menus are sometimes hard to navigate, particularly among beneficiaries with lower levels of digital literacy.

Inadequate Language Capacity/Skills

Instructions via SMS are often sent in English which can prove to be particularly difficult for those who are only proficient in the local language.

Mobile Phone Pooling in Vulnerable Communities

Abuse of mobile money account in disguise of the registered users is extremely plausible in communities where mobile pooling is practiced. Lack of awareness can very well lead to increasing fraudulent activities in such situations.

Technology Driven (Supply end)

Cost of DFA Implementation is High

Only **18%** of the surveyed MFIs (3 out of 16) have been implementing Digital Field Application (DFA)

(UNCDF, 2019)

Mobile Application Security

Weak encryption algorithms fail to protect the confidentiality and integrity of all communications

Cyber Security and Operational Risks

34%

of all banks in Bangladesh have very high degree of perceived risks

(Journal of Operational Risk, 2020)

Lack of Network Coverage

17%

of non-mobile phone users in Bangladesh cite a lack of network coverage as a barrier

(World Bank, 2020)

Market driven

Gender Gap in Digital Financial Inclusion

25% in mobile phone ownership.

25% in access to digital payments and transfers

18% in sim card ownership

(N=6000; Bangladesh FII, 2018)

Lack of awareness among potential users

41%

of 6,000 surveyed people in 2018 did not know what DFS was or what it could be used for.

(Bangladesh FII, 2018)

Digital Profiling

Digital footprints left from online purchases are often used for personalized advertisements in Bangladesh. The rate of unwanted adverts has increased tremendously in the last few years due to excessive use of digital profiling.

Questionable Agent Activities

A section of agents ignore simple CDD and are found actively involved in criminal activities including collection of ransom money, extortion, and fraud by maintaining several accounts mostly through false identification and some with real identification.

(Financial Express, 2021)

Regulation and supervision driven

Zero data governance and privacy policy

Government is yet to approve specific data privacy and localized law

Ambiguity in complaint mechanism

(i) Not enough complains registered against crimes or fraudulent activities.
(ii) Many users not aware of the process on how to make complains against any incident.

Poor Access to MFS Customer Care Services

Services, in terms of responsiveness of call centers and availability of in-person support is not up to par.

Lack of implementation of proper KYC protocol

Use of informal mediums to remit money, like digital hundi, increases. Poses safety threats to the customers using it; creates a pathway for illegal financing

Missing Competitive Landscape

This might explain why innovations and a broader suite of services are yet to be offered in the country's digital finance industry.

(UNCDF, 2019)

Current Bangladesh Scenario through the OECD Principles on Financial Consumer Protection

Given the increasingly digital environment for financial products and associated risks, it is important that the policies developed and adopted by authorities evolve and adapt in line with the environment. The OECD has established a set of principles to enhance financial consumer protection, which includes determining what is required to help consumers gain the confidence, knowledge, information, security, and choices required to enable them to fully participate in financial markets[8].These principles were designed to assist policy makers in developing relevant regulatory frameworks and beyond OECD countries these principles are widely referred to in assessing financial consumers' protection. Table 1 provides a summary of the state of consumer protection in Bangladesh vis-à-vis the OECD principles.

Table 1: Bangladesh at a glance using OECD High-Level Principles

OECD Principles	DESCRIPTION	BANGLADESH AT A GLANCE
1. Legal, Regulatory and Supervisory Framework	Financial consumer protection should be an integral part of the legal, regulatory, and supervisory framework.	BFIU Circular- 20 and Bangladesh MFS Regulation 2018 highlight laws to curb consumer risks and fraudulent activities in Bangladesh mobile financial market. However: Bangladesh has no uniform legal framework to govern the rights of consumers and sellers in the e-commerce sector. The Consumer Rights Protection Act 2009, the Sale of Goods Act 1930 and the Contract Act 1872 provide a regulatory framework but they severely require modifications to include the different facets of e-transactions[9].
2. Role of Oversight Bodies	There should be oversight bodies (dedicated or not) explicitly responsible for financial consumer protection.	i. MFS providers will be under constant off-site and on-site supervisions of Payment Systems Department, Bangladesh Bank**Error! Bookmark not defined.**. ii. BB reserves the right of withholding, suspending and cancelling operation of an MFS provider, if actions of the accused MFS deem to be detrimental to public interest**Error! Bookmark not defined.**. However: There are varying provisions for Nagad and other MFS providers in the market due to the existence of dual regulatory bodies; Nagad remains outside the purview of BB's regulations creating pathway for unregulated practices.
3. Equitable and Fair Treatment of Consumers	All financial consumers should be treated equitably, honestly, and fairly at all stages of their relationship with financial service providers (FSP).	No specific law on equal treatment of customers designed for the MFS market in Bangladesh. However, BB requires MFS providers to maintain confidentiality, integrity, authorization and non-repudiation for all customers when processing financial transactions using mobile technology**Error! Bookmark not defined.**.

[8] Following the call by the G20 Leaders at the Seoul Summit in November 2010, the G20/OECD Task Force developed the G20/OECD High-Level Principles on Financial Consumer Protection. These Principles were later adopted by the OECD Council as a Recommendation in July 2012, thereby expanding the coverage of the principles to include all OECD member countries.

[9] Tanjina Rahman Priti: E-commerce and protecting the rights of consumers and sellers during pandemic. TBSNEWS, July 2020

OECD Principles	DESCRIPTION	BANGLADESH AT A GLANCE
4. Disclosure and Transparency	FSPs and authorized agents should provide consumers with key information on fundamental benefits, risks, and terms of the product.	Bangladesh MFS providers are required to ensure prominent display of the rates of charges in all their retail agent outlets, customer care centers and websites. Information of all products need to be available for all stakeholders**Error! Bookmark not defined.**. However: Limited technological accessibility and know how, inadequate financial literacy and educational attainment, and lack of awareness often prevent users from taking full advantage of disclosure and transparency mechanisms in place.
5. Financial Education and Awareness	Financial education and awareness should be promoted by all relevant stakeholders.	Under clause 15, BB requires MFS providers to develop and pursue sustainable programs to build awareness and knowledge about various aspects of MFS among their employees, agents, distributors/super agents and target customer segments**Error! Bookmark not defined.**. However: i. Adequate knowledge about use, safety, and scopes of mobile wallets is largely missing among existing and potential customers. Users, especially those belonging to the marginalized groups, still lack the basic digital literacy/skills to navigate through MFS menus.
6. Responsible Business Conduct of FSPs and Authorized Agents	FSPs and authorized agents should have as an objective, to work in the best interest of their customers; FSPs should be accountable for the actions of their authorized agents.	i. Existing authorized agents (MFS provider(s)) will be monitored for 12 months after the issuance of the regulations, during and after which license of existing non-performing MFS may be cancelled by BB if seems appropriate. ii. Under clause 8.2, 8.5 of BFIU Circular- 20, MFS providers are required to conduct regular Field Compliance Assessment (FCA) to monitor, detect and prevent behaviors of the agents[10]. However: There are still cases where implementation of proper KYC protocol and CDD are ignored by some agents; this can cause criminal activities that pose serious threats to consumer assets. This was apparent when anomalies were detected in the list of poor people eligible for government aid during the ongoing Covid-19.
7. Protection of Consumer Assets against Fraud and Misuse	Relevant information, control and protection mechanisms should protect consumers' financial assets against fraud, or other misuses.	BFIU Clause 7.3 requires MFS providers to have round-the-clock monitoring arrangements to identify suspicious transactions and activities through customised technology solutions**Error! Bookmark not defined.**.
8. Protection of Consumer Data and Privacy	Consumers' financial and personal information should	Bangladesh Digital Security Act, 2018 states: i. under section 24- Identity fraud or personation is considered an offence. ii. under section 26: Imprisonment or fine for unauthorized collection, use etc. of identity information (fine not exceeding Tk 5 lac)

[10] BFIU Circular 20; Daily Star, July 2021

OECD Principles	DESCRIPTION	BANGLADESH AT A GLANCE
	be protected through appropriate control and protection mechanisms.	However: Digital Security Act, 2018 does not appear to contain provisions to administer regulation of consent or processing identity information by an individual. Various entities still use customer information/data without consent for sending bulk SMSs, phone calls and emails for marketing purposes.
9. Complaints Handling and Redress	Jurisdictions should ensure that consumers have access to adequate complaints handling and redress mechanisms.	i. MFS providers required to have procedures for prompt handling and redressal of customer complaints and grievances[11]. However: i. Many MFS consumers are not aware of the process on how to complain against any fraudulent incident. ii. When trying to reach specific mobile service providers' customer service numbers, long hold times, dropped calls due to poor network quality, and airtime charges often make users reluctant to lodge complaints.
10. Competition	Nationally and internationally competitive financial markets should be promoted to provide consumers with greater choice.	Existence of a dual regulatory framework has allowed an MFS provider to operate outside the regulations set out by the Bangladesh Bank. This compromises the notion of a level-playing field or a competitive MFS market in Bangladesh. Lack of interoperability also limits competition.

The first OECD Principle focuses on **Legal, Regulatory, and Supervisory Framework** in a country. In Bangladesh, the central bank (Bangladesh Bank) has established key regulations titled, – "Bangladesh Mobile Financial Services (MFS) Regulations, 2018" replacing the previously instituted "Guidelines on Mobile Financial Services for the Banks". The purposes of these Regulations are to: (i) provide regulatory framework to create an enabling and competitive environment to cater cost efficient and prompt MFS; (ii) Promote access to formal financial services at an affordable cost, especially for the poor and unbanked population segments; and (iii) Ensure compliance with Anti Money Laundering and Combating Financing of Terrorism (AML/CFT) standards set by AML/CFT rules, regulations, guidelines and instruction issued by Bangladesh Financial Intelligence Unit (BFIU).

These regulations and guidelines put forward certain clauses that focus on curbing risks and fraudulent activities in the mobile financial market including clauses for ensuring effective KYC and e-KYC procedures for new customers to minimize threats by perpetrators to open false MFS accounts. There has also been emphasis on periodic screening of the entire customer database by MFS providers to prevent money laundering risk in general and terrorist financing risk in particular. The provisions also stipulate monitoring arrangements (by MFS providers) to identify suspicious transactions and activities. Clauses involving consumer fund protection, risk management and internal controls, awareness building of customers,

[11] Bangladesh Mobile Financial Services (MFS) Regulations, 2018

employees, agents, distributors, etc., and complaint and grievance redressal system, amongst others, are also incorporated into the regulations.

However, there is still no dedicated standalone consumer protection framework that are unique to MFS or e-money users in Bangladesh. Given that the nature of MFS/DFS operation or the services that they provide are different in many ways than the traditional banking systems, it may be important to have a separate consumer protection framework specifically designed for MFS and e-money users of Bangladesh. Under the existing system, some of the clauses under BFIU and MFS regulations 2018 can be used as steppingstones for protecting the digital customers.

As regards to the **second principle of the role of oversight bodies**, Bangladesh Bank acts as the apex regulatory authority for the entities operating in the financial area of the country. It reserves the right of withholding, suspending, and cancelling operation of an MFS provider, if actions of the accused MFS deem to be detrimental to public interest.

All MFS providers remain under constant off-site and on-site supervisions of the Payment Systems Department of Bangladesh Bank, firstly, as Payment Service Providers (PSPs) extending mobile financial services and secondly, as agents of banks and financial institutions in offering mobile phone-based banking and other financial services (Bangladesh Bank). BB's Payment Systems Department (PSD) and Financial Integrity and Customer Services Department (FICSD) are also responsible to oversee customer complaints redressal performance of the MFS providers.

However, there has been a case of dual regulatory system in which all, but one MFS provider does not have to comply with the central bank regulations. This has been a subject matter of a lot of discussion and the issue is being currently addressed.[12] Furthermore, there will be need for an effective coordination between various regulatory authorities given the DFS involvement of internet-based technology brands (e.g. Google), which are only regulated by the Bangladesh Telecommunication and Regulatory Commission. That is, regardless of licensing origin, firms that engage in similar businesses with similar risks must be subject to same regulatory standards. Doing so may help to prevent providers and entrants from "shopping" for the regulator with the least stringent rules (or regulatory arbitrage).

The **third principle** focuses on **Equitable and Fair Treatment of Consumers**. In Bangladesh, there are no specific laws designed for equal treatment of customers in the MFS market. However, when processing

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[12] The problem arose as the Bangladesh Post Office (BPO), which is a service entity of the Ministry of Posts, Telecommunications, and Information Technology (MoPTIT) and regulated by the Bangladesh Telecommunications Regulatory Commission (BTRC), established an MFS named Nagad, which was not subject to any regulations set out by the Bangladesh Bank. This is because the *Post Office Act 2010 (Amendment of the 1898 Act)* and the *Post Office Act 2018 (draft)* enable the BPO to undertake national and international electronic money transfer services (EMTS). It defines EMTS as a money order sent via "mobile phone" or "mobile technology". EMTS can be used for all financial transactions including transferring social security payments, disbursing wage-salaries, payment for e-commerce, and any other payments that can be done through cash money. The BPO started e-money transfer in 2010 and launched its own MFS services (jointly owned by Third Wave Technologies) in 2019. Therefore, while the central bank is the apex regulatory body for all financial institutions and any entity operating in the financial or monetary field, Nagad uses a separate legal framework to remain outside of Bangladesh Bank's regulations. This leads to varying provisions for Nagad and other MFS providers.

financial transactions using mobile technology, Bangladesh Bank does require MFS providers to maintain the following for all customers:

(i) Confidentiality: Property ensuring that transaction information cannot be viewed by unauthorized persons.
(ii) Integrity: Property ensuring that the transaction information remains intact during transmission and cannot be altered.
(iii) Authorization: Property ensuring that the authentic user has proper permission to perform the particular transaction. It ensures how the system decides what the users can do.
(iv) Non-repudiation: Property that the particular transaction initiated by a user cannot be denied by him/her later.

Anyone with a valid national ID will be able to use any of the available MFS account without being discriminated against. The rate of charges realizable from various financial services offered by the MFS providers to their clients shall be set in a competitive, non-collusive manner (clause 9, BB MFS Regulations). For product information, representatives of MFS call centers and agents at agent points are required to provide correct details to all their customers. Additionally, at the request of any customer, MFS providers are required to provide printouts or copies of relevant transaction records in specific MFS transactions within the prescribed preservation periods (clause 18, BB MFS Regulations).

Considering the context of the fourth OECD principle, **Disclosure and Transparency,** it can be mentioned that Bangladesh MFS providers are required to ensure prominent display of the rates of charges in all their retail agent outlets, customer care centers and websites. Following criticisms and confusions about charges of MFS, especially after Covid-19 hit Bangladesh in March 2020, BB issued a circular asking all the MFS providers to inform the customers about type and charges of the products in details in order to ensure transparency of their services. The central bank's 'Payment System Department' issued a circular stating MFS companies should prepare 'frequently asked questions' on both their websites and mobile applications, and to inform their customers about any change in charges in advance. While such interventions by regulatory authorities are welcome, it also shows ad hoc approaches being followed in ensuring compliance.

MFS providers in Bangladesh currently have the necessary product/service information listed on their websites. Changes in products, pricings and new offers are frequently advertised via radio stations, television channels, and other media platforms. Social media influencers are also actively used to publicize new information or changes related to the products or services offered by the MFS providers.

Other digital service providing apps, (e.g., HungryNaki, FoodPanda, Uber, Pathao, etc). send frequent updates about changes in services and new products. Additionally, Sky Banking apps and corresponding banking websites maintain disclosure and transparency in terms of display of key information on the fundamental benefits, risks, and terms of the product. Call center agents are available for those who are not proficient in using mobile apps and company websites.

However, while the general MFS practice regarding provision of products and services portray equal treatment of customers, limited technological accessibility, inadequate financial and digital literacy, and lack of awareness often prevent users from taking full advantage of disclosure and transparency mechanisms in place. Furthermore, if information regarding changes or use of services are available in English, it can prove to be particularly difficult to comprehend for those who are proficient only in the local language.

Lack of adequate knowledge and awareness about use, safety, and scopes of mobile wallets often discourage potential customers from opening and using MFS accounts. **Principle 5**, **Financial Education and Awareness**, of OECD consumer protection framework focuses on this aspect. Abuse of mobile money account in disguise of the registered users is extremely plausible in communities where mobile pooling is practiced. While this is an unavoidable circumstance for many poorer communities in Bangladesh, where one cell phone or few MFS accounts are used by many members, lack of awareness can very well lead to increasing fraudulent activities. Financial literacy and awareness in this respect can curb the issue of reluctancy, risks and fear of use of digital payment platforms to a degree.

Under clause 15, BB requires all MFS providers to develop and pursue sustainable programs about various aspects of MFS, for continual heightening of awareness and knowledge among their employees, agents, distributors/super agents and target customer segments.
Bkash and other MFS providers undertake campaigns and advertisements to keep its customers aware of possible fraudulent calls and messages, and to refrain from sharing PINs with anyone else. Instructive videos are also available in many of the MFS apps and websites for customers to learn on how to use the available financial products and services.

The digitalization of the national identification database has made the process of registering for basic transactions account with MFS providers extremely simple, irrespective of applicants' educational qualifications or financial literacy levels. While this has helped customers with limited literacy level to open accounts, further awareness and financial education are necessary for ensuring safer use of digital platforms. For instance, many users, especially those belonging to the marginalized groups, still lack the basic digital literacy/skills to navigate through MFS menus.

OECD **Principle 6** focuses on **Responsible Business Conduct of Financial Service Providers (FSPs) and Authorized Agents**. In Bangladesh, the regulatory compliance of deposit taking, lending and other financial services in which MFS providers will act as agents, will rest with the principals (scheduled banks) that have engaged the MFS providers as their authorized agents. Existing MFS provider(s) will be monitored for twelve (12) months after the issuance of the regulations, during and after which license of existing non-performing MFS may be cancelled by BB if it seems appropriate.

Similarly, MFS providers are required deploying a Field Compliance Assessment (FCA) team to physically monitor the activities of retail agents, distributors, and merchants (clauses 8.2 and 8.5 of BFIU Circular-20). All MFS providers are required to diligently conduct regular FCA to detect and prevent different types of non-compliant behaviors of the channel partners. Risk-appropriate measures should include MFS providers appointing competent Regional Anti Money Laundering Compliance Officers (RAMLCOs), as directed in the guidelines issued by the regulator[13]. MFS providers will have to sensitize the agents' properly about AML/CFT risks inherent in their transactions and also to monitor transaction patterns carefully towards identifying possible unauthorized/suspicious transaction activities (Bangladesh Bank).

However, there are still cases where implementation of proper KYC protocol is ignored. A section of agents disregards simple Customer Due Diligence (CDD) while opening MFS accounts[14]. Without proper implementation of KYC protocol, perpetrators can register MFS accounts with false identity/made-up documents and become untraceable after conducting criminal activities using these accounts. This was apparent when anomalies were detected in the list of poor people eligible for government aid during the ongoing Covid-19. Unregulated activities as such raises tremendous risks and poses serious threats to consumer assets.

OECD high level **Principle 7** is on **Protection of Consumer Assets against Fraud and Misuse**. To ensure protection of customer's accumulated fund, Bangladesh Bank provisions warrant MFS providers to maintain a minimum paid-up equity capital of Tk 45 crore ($5.3 million) to mitigate risks (Clause 6.3, Bangladesh MFS Regulations – 2018). Additionally, MFS providers are required to have round-the-clock monitoring arrangements to identify suspicious transactions and activities through customized technology solutions and other investigative methods. (Daily Star; Clause 7.3, BFIU Circular- 20).

Given the inherent nature of fintech, DFS users are often exposed to cyber security risks and personal/financial data breach threats. OECD Principle 8-**Protection of Consumer Data and Privacy** is aimed at addressing this issue. These include identity theft, fraudulent identification schemes asking for sensitive information, unlawful violation of privacy by service providers, etc. Many users may not be aware that installation and use of certain apps can lead to data sharing. Terms and conditions of such apps and/or websites are sometimes so complex that customers give consent to personal data sharing without fully being aware of it. This, in turn, allows unauthorized access to personal information.

Increased vulnerability to digital crimes such as phishing scams, and account hacking have also become prevalent in the digital market of Bangladesh. Considering this, Bangladesh passed the Digital Security Act, 2018 to make provisions for ensuring digital security and identification, prevention, suppression, and trial of offences committed through digital device.

Under Section 24 of the Act- identity fraud or personation to deceive or cheat, will be considered as a punishable offense. Alternatively, if any person collects, sells, possesses, provides or uses identity information of any other person without lawful authority, then such act of the person shall also be considered as a punishable offence under section 26 of the Act. For any crime relating to identity information, imprisonment for a term not exceeding five years or a fine not exceeding Tk 5 lakhs, or both,

[13] Major General Sheikh Md Monirul Islam: Mobile financial services: Strengthen compliance with anti-money laundering, anti-terror financing measures, The Daily Star. 2021

[14] Rafiqul Islam Azad: MFS providers skip KYC form, threaten digitisation of Bangladesh, The Independent BD, 2021

has been prescribed (Bangladesh Digital Security Act, 2018)[15]. Sections 22 and 23 of the ACT, also speak of punishable offence for "digital or electronic forgery" and "digital or electronic fraud respectively".

Although there are acts in place, concerns with digital crimes are still quite prevalent in Bangladesh. Customer information/data such as names, cell phone numbers and email addresses that are regularly shared across various online platforms, are often used by telecommunication, e-commerce, banking and fintech industries, without consent, for sending bulk SMSs, phone calls and emails for marketing purposes. Provisions to administer regulation of customer consent is therefore an absolute necessary now.

Complaints Handling and Redress is the **9th OECD Principle**. For effective redressal, section 17 of BB MFS regulations 2018 requires MFS providers to put in place processes and procedures for prompt handling and redressal of customer complaints and grievances - readily accessible through website and other appropriate information medium. MFS providers are also required to maintain call centres to receive and process disputes 24 hours a day via telephone, SMS, IVR and mail. Each of the disputes received by the centre must be resolved within ten (10) working days. Agent complaints and grievances will be handled by distributors/super agents in the primary level and by MFS providers at secondary level. MFS customers can also lodge complaints with Customers Interest Protection Centre (CIPC) of Bangladesh Bank.

However, many MFS consumers are not aware of the process on how to complain against any fraudulent incidents. According to various key informants and government officials, there are users who are apathetic as they think lodging complaints can hardly help redress their problems. Additionally, when trying to reach specific mobile service providers' customer service numbers, long hold times, dropped calls due to poor network quality, and airtime charges are three of foremost issues that customers witness.

Principle 10 of the OECD consumer protection framework focuses on **competition**. Bangladesh is one of the most highly concentrated MFS markets in the world and thus ensuing competition should be one priority for promoting consumer protection. Another issue faced by Bangladesh's DFS ecosystem is the absence of a universal gateway for greater financial interoperability, which can connect all platforms and payment mechanisms throughout the economy. It can also lead to greater competition among service providers, thereby resulting in more cost-effective transactions for users. Interoperability and increased competition can potentially open the doors for new services such as insurance, microcredit, and credit that cannot be accessed without conventional banking operations in Bangladesh.

The 'double standards' through the dual regulatory system, as mentioned earlier, has also affected the level-playing field for MFS providers.

[15] Bangladesh Digital Security Act, 2018

III. Existing regulatory environment and policies

The growth of mobile financial services (MFS) given a large number of unbanked population can also be attributable to the efforts of the government, regulators and policymakers. Soon after the inception of bKash in early 2011, Bangladesh Bank released MFS Guidelines, which were updated and replaced by new provisions in 2018 (MFS Regulations 2018).

Furthermore, the Bangladesh Financial Intelligence Unit (BFIU) issued Anti Money Laundering/Combating and Financing of Terrorism (AML/CFT) guidelines (BFIU Circular- 20) for MFS providers to strictly adhere to all issues to thwart possible Money Laundering and Terrorist Financing (ML & TF) risks and more.

The following table gives a brief outlook of relevant provisions in areas relevant to customer protection from risks involved.

Table 2: Major provisions in the regulatory environment

KYC Compliance	Complete observance of KYC and Customer Due Diligence (CDD) drills and MFS providers remain responsible for authenticity and timely updating of the KYC records as per the instructions and guidelines issued by BFIU
ICT Security	Providers shall follow the ICT Act 2006 (amended in 2013), Digital Security Act 2018, and the Guidelines on ICT Security for Scheduled Banks and Financial Institutions 2010 issued by BB.
Regulatory oversight	MFS providers (as both PSPs and agents of Banks and FIs) to be under off-site and on-site supervision of PSD of the Bangladesh Bank; shall have to follow rules and guidelines issued time to time and submit required information when asked.
AML/CFT	Comply with Money laundering Prevention Act, Anti-Terrorism Act and other respective rules issued by BFIU.
Transaction security	MFS providers should ensure that proper protection and security features are maintained in issuing and authenticating the PINs; a suitably chosen second authentication factor would be encouraged.
Compliance	The regulatory compliance of deposit taking, lending etc. delivered by the MFS providers, will rest with the principal(s) that have engaged the MFS providers as their authorized agents, i.e. banks.
Risk Management	MFS providers shall put in place robust internal governance frameworks with internal control and compliance and internal audit processes featuring clear description of roles, responsibilities, and accountabilities.
	Internal control and compliance and internal audit processes of MFS providers shall include oversight routines on operations of wholesale and field level retail agents and on customer satisfaction levels.
Customer education and awareness	MFS providers shall develop and pursue sustainable programs for continual heightening of awareness and knowledge about various aspects of Mobile Financial Services.
Complaint and Grievance Redressal	MFS Customers are given access to services being provided by Customers Interest Protection Centre (CIPC) of Bangladesh Bank. The aggrieved customer can lodge complaints with CIPC of Bangladesh Bank.
Protections for financial outlets and agents' users	Outlets and agents are subject to the same consumer protection requirements as banks and non-banks. Extensive guidelines are provided to ensure proper transparency and disclosure to customers.

Source: Bangladesh Bank, BFIU

Despite the guidelines in MFS Regulations 2018 and adherence to ICT Act, BFIU and CIPC of BB, Bangladesh lags in terms of regulations dedicated to the protection of DFS users. In a Consumer Protection Index produced by The Economist Intelligence Unit, as part of Global Microscope Report 2020, Bangladesh is ranked 48th among 55 countries – below most of its comparators. India and Indonesia are ranked 9th and 10th, respectively, while Kenya came at 20th and Pakistan 14th.

A look through the EIU's Global Microscope Exercise: A comparative analysis

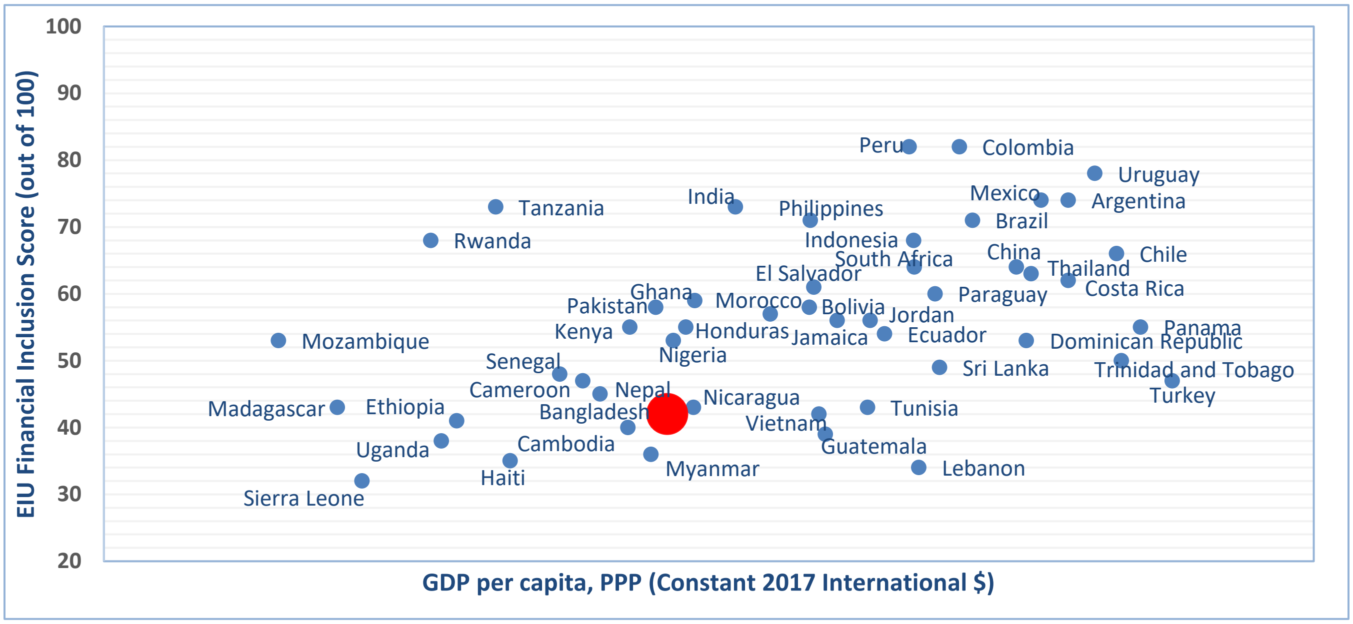
The Global Microscope report focuses on the role that financial inclusion has played in the crisis response and on the policies that have made financial systems in 55 middle- and low-income countries more resilient and inclusive. It assesses the enabling environment for financial inclusion through multiple indicators divided across five[16] categories: i) Government and Policy Support, ii) Stability and integrity, iii) Financial Products and outlets, iv) Consumer Protection, and v) Infrastructure.

Bangladesh is given a financial inclusion score of 42, ranked 44th. The index considered various indicators related to data protection and privacy, relevant rules in place and their implementation, diversity and inclusiveness in various service provisions and complaints resolution, etc. Figure 4a shows Bangladesh's overall financial inclusion score and comparative positions given the countries' per capita GDP.

Regardless of the slight improvement Bangladesh witnessed in the EIU financial inclusion score in 2020, it is still below many of its comparator countries, like India, Kenya, Nigeria, Ghana, Pakistan and others, which hold similar per capita GDP like Bangladesh. Tanzania in fact has a lower per capita GDP compared to Bangladesh and yet the country has shown a much more impressive financial inclusion score of 73 in 2020. The striking difference in the scores owes to poor performance of Bangladesh in the multiple sub indicators of the financial inclusion index.

[16] In recognition of the challenges faced as a result of the economic crisis caused by the COVID-19 pandemic, there was an Adjustment factor included in formulating the index this year.

Figure 4a: Overall Financial Inclusion score of Bangladesh and comparator countries

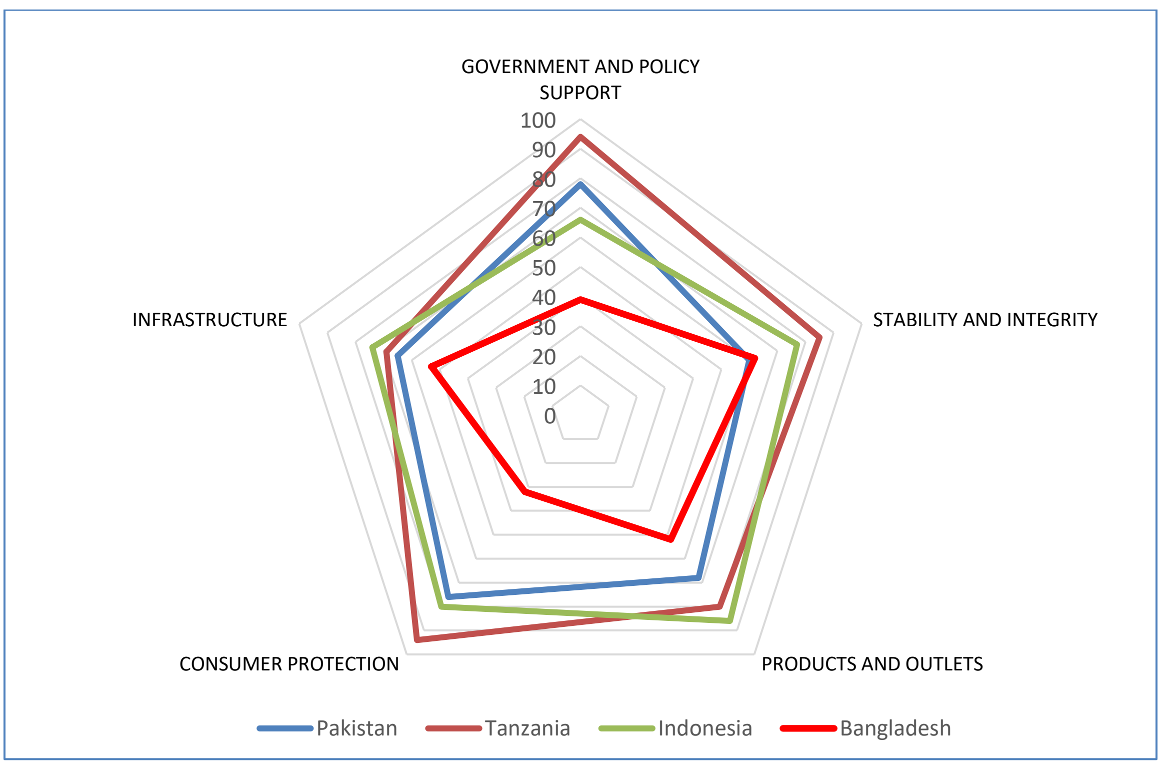


Source: EIU Global Microscope

Note: Score of 100 represents best environment for financial inclusion

Figure 4b shows the countries' inclusion scores in the 5 categories of indicators for assessing enabling environment for financial inclusion.

Figure 4b: Scores in enabling environment for Financial Inclusion across five categories



Source: EIU Dataset

Data privacy and cybercrime protection was among the 4 indicators with scores lower than 25 that owed to Bangladesh’s poor performance overall. The EIU score determines how adequate the market condition or environment is to allow financial inclusion in the country. While a total score of 100 represents best environment for financial inclusion, Bangladesh scoring less than 25 evidently implies that the country’s existing condition for financial inclusion is inadequate or relatively disagreeable for the users.

The consumer protection category contains 3 indicators, each with a number of sub indicators rated to give an overall indicator score. The indicators are 4.1) Financial services users 4.2) Inclusive Insurance Users 4.3) Data Privacy and cybercrime protection. Bangladesh obtains a score of 18 in indicator 4.3, owing largely to the poor sub indicator scores. India under the same category scored 54, Pakistan 43, Philippines 97, and Tanzania 100.

This indicator primarily analyzes a country’s position based on whether there are existing data protection and privacy laws, and if there is a government entity that enforces privacy laws and does it have the capacity to enforce them. Bangladesh scored relatively poor in all three categories. According to the World Bank's (WB) ID4D Global Dataset 2018, there are no over-arching data protection or privacy laws in Bangladesh that impact the financial services industry. The same study also states that there is no government entity with a mandate to enforce data protection laws. Bangladesh Bank's guidelines on consumer services and complaint management only note a broad commitment to 'privacy and confidentiality' but no dedicated legal framework for financial institutions on this topic ((EIU), 2020). However, with the enactment of the Digital Security Act, 2018, Bangladesh has stepped into the data or information protection regime. Under the Digital Security Act, the National Digital Security Council ('NDSC') has been entrusted with the authority that can formulate and issue data protection guidance as and when required. Therefore, an improved score can be expected for Bangladesh in the future in indicators of data protection and privacy laws, and law enforcing entity.

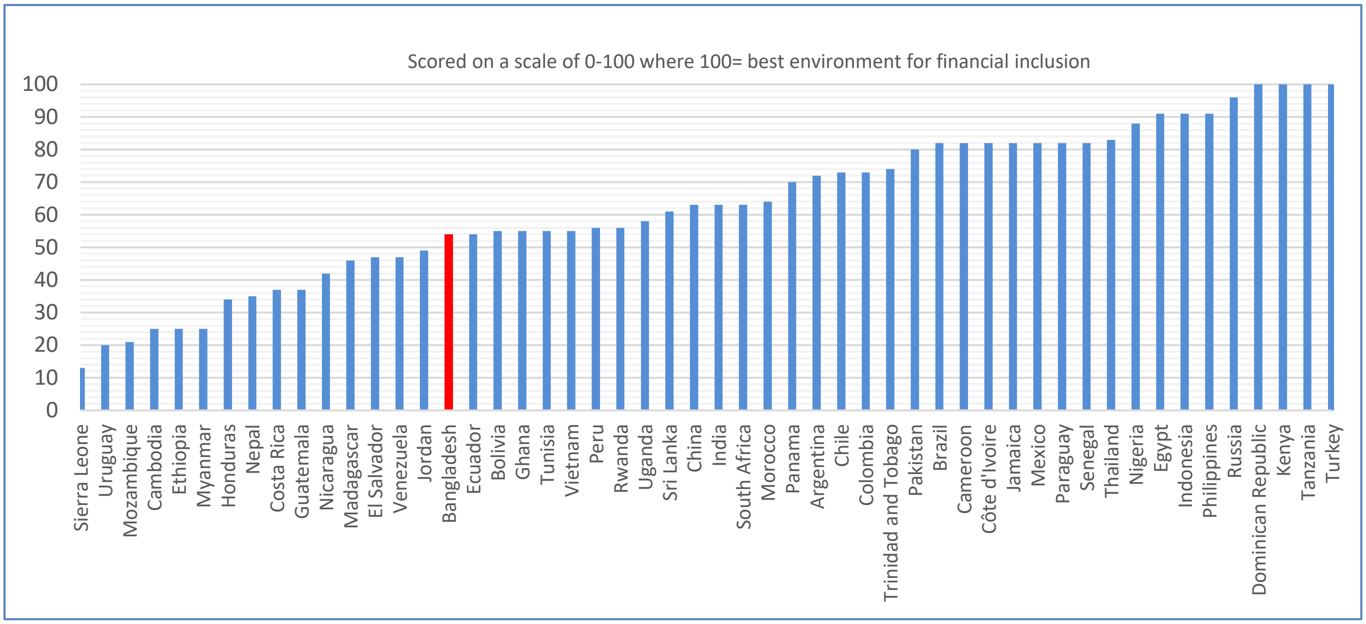
A full list of all the sub-indicators of the Financial Inclusion Index where Bangladesh did poorly (D and below) is given in annex.

The only anomaly among some very poor scores was in sub indicator 4.3.2, Consumer Legal Protection, where Bangladesh had a modest score of 54 (figure 5). The score is based on whether Bangladesh has a law related to cybercrime. A moderately better score in this indicator can be a result of the existing Bangladesh Digital Security Act, 2018 that considers cybercrime as an offence, punishable with imprisonment for a term not exceeding 14 years and/or with a fine not exceeding BDT 10 million[17].

The graph below gives an indication of where Bangladesh stands in Consumer Legal Protection in 2020, among all the 55 countries assessed in the EIU Research.

[17] Bangladesh DIGITAL SECURITY ACT, 2018

Figure 5: EIU Country scores in Cybercrime Legal Protection

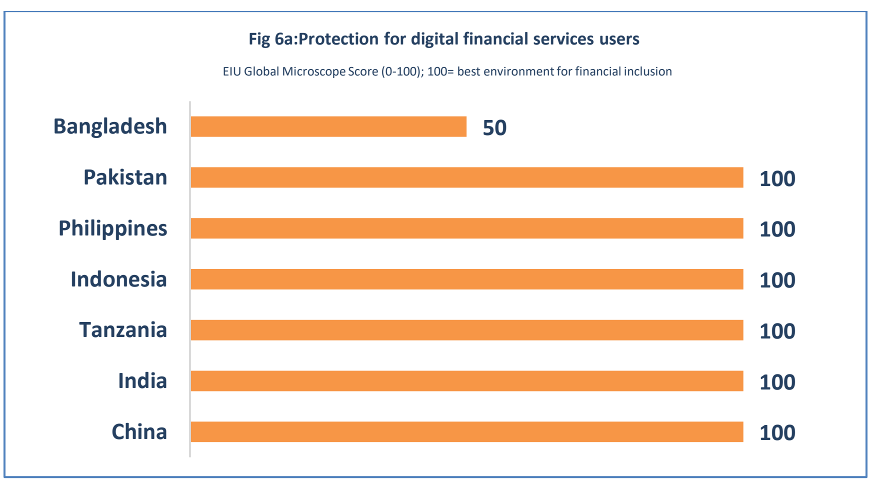


Source: EIU Dataset

Best Practices

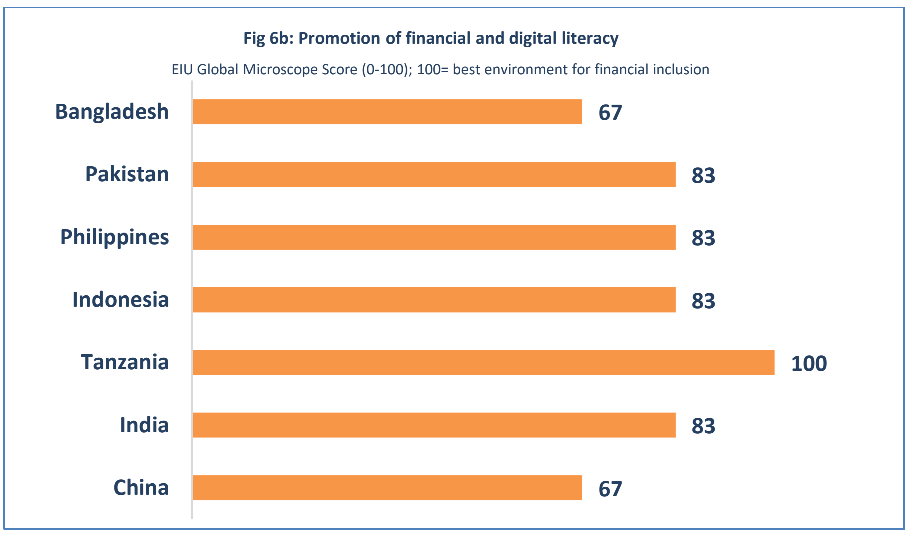
Given the comprehensive indicators used in EIU assessments, Tanzania has shown impressive performance under most of the given sub-categories. The country had risen 8 places in 2020 to a Global rank of 6 in overall Financial Inclusion score, owing to great Government and Policy Support, which had a score of 94. Consumer Protection score too saw an improvement of 37 points, which put the country in 2nd position globally with a score of 94. The figures below show comparator countries' performances using three of EIU sub-indicators.

Figure 6a: Protection for digital financial services users



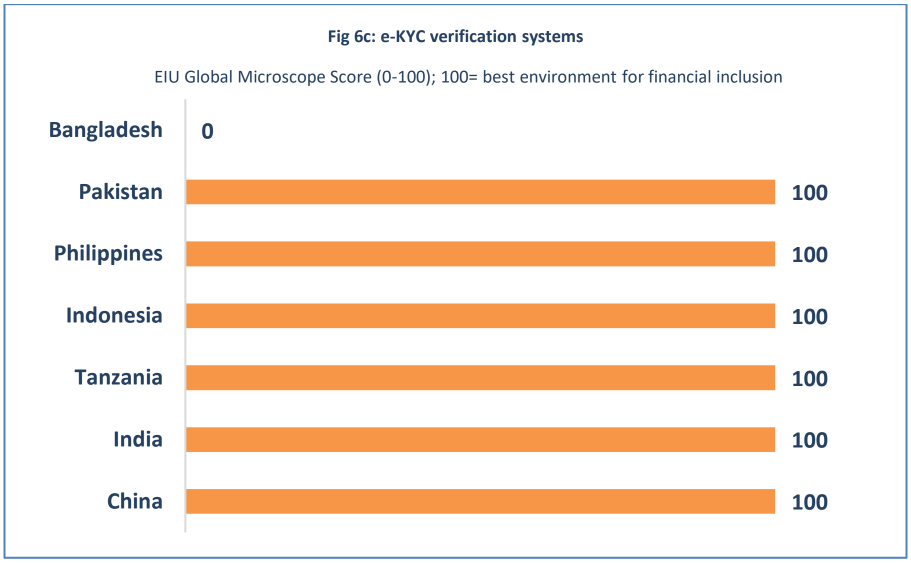
China, India, Indonesia, Philippines, Pakistan, and Tanzania scored perfect 100s, implying best environment for financial inclusion, under "protection for digital financial services users". In these countries, e-money providers and other DFS providers are subject to all consumer protection requirements that are the same as or similar to the requirements for banks and other NBFIs. The Financial Consumer Protection Regulations in these countries cater to all segments of the financial sector, and create no ambiguity, as these comprehensively bring all financial institutes under one umbrella with specific and detailed regulations. For Bangladesh, this is still not the case. E-money providers and other DFS providers are not subject to all consumer protection requirements that are applicable for banks and other NBFIs. In fact, as mentioned earlier in the paper, one MFS provider remains outside the purview of Bangladesh Bank and is not even subject to the regulations set for MFS. As a result, Bangladesh's score has been relatively low for this index.

Figure 6b: Promotion of financial and digital literacy



Similarly, under "promotion of financial and digital literacy", India, Tanzania, Indonesia, Philippines, and Pakistan have shown impressive performance. Government strategies are in place in these countries to promote financial literacy, including digital financial literacy, which are already in the implementation stage. Although Bangladesh too has government programmes in place to promote digital and financial literacy, the country has scored relatively less than its comparators. The primary reason highlighted by EIU is the lack of a gender approach in these programmes for Bangladesh. The EIU score is higher for those countries which not only have evidence of financial literacy programmes but also evidence of these progammes having a gender component, i.e. literacy programmes that will equally target women as they do men.

Figure 6c: e-KYC verification systems



One of the core objectives of the 2019 draft of the National Financial Inclusion Strategy-Bangladesh (NFIS-B) is to, "expand financial literacy and promote consumer empowerment", Bangladesh Bank's strategic Plan 2020-24 also lists the formulation of a financial literacy policy as a key objective. However, the drafts have not specifically mentioned any gender component for the approaches.

A rather disappointing aspect of the "infrastructure" category in 2020 was the extremely poor performance by Bangladesh under "e-KYC verification systems". As shown in figure 6c, all the other comparator countries scored perfect 100s under the same category, showing that in 2020 they already had automated mechanism for e-KYC verification (like an e-signature), provided or approved by the government (EIU, 2020).

Although there have been delays, Bangladesh has made excellent use of the e-KYC mechanism in the recent Covid vaccination registration process. With the input of the National Identification (NID) number and birth date, citizens could register for vaccination within minutes. Currently, many MFS accounts are also opened with technology solution by creating e-KYC (BFIU Circular-25).

With more use and upgradation of Bangladesh's ID infrastructure, the country can expect to achieve a better score for the EIU e-KYC indicator in the future.

IV. Policy Recommendations

With a rapid expansion of mobile phone usages, Bangladesh has seen an impressive growth of e-commerce and other financial services, helping the country embrace the process of digital transformation that is bringing about profound changes globally. The growing popularity of mobile payment should, amongst others, be attributable to facilitative policy initiatives backed by implementation measures. Regulatory provisions and oversight including amendments to pre-existing guidelines have been put in place to contain various risks that consumers may face as they dive into the digital economy.

Despite the above-mentioned progress made and efforts, there are some areas where further policy attention is necessary to comprehensively protect users from any demand, technology, regulatory and market driven risks and ensure a secure digital infrastructure for further financial inclusion in the future. Some of the issues are highlighted below:

- **Providing a more comprehensive and robust consumer protection framework for DFS users**

E-money and other DFS providers are subject to some consumer protection requirements, which however are not as comprehensive as in the case for banks and other NBFIs. Legal provisions for banks and other NBFIs are more stringent, with details on these broad categories: minimum requirements, publicity/co-branding, and financial literacy/education[18]. As E-money accounts are not considered bank accounts, in terms of practical application of the regulations, there may be ambiguity about whether all consumer protection measures applicable to bank accounts would also apply to e-money accounts. This difference in regulatory space is in sharp contrast to Kenya, Tanzania, and India where E-money providers are subject to similar transparency, fair treatment and dispute resolution requirements as banks and other non-bank financial institutions. Extensive guidelines are therefore required to ensure proper transparency, disclosure and protection from all possible fraud, and is equal across the board for all financial consumers in banks and DFS.

- Therefore, one main policy target should be to establish more comprehensive consumer protection requirements and guidelines for DFS users**. A short-term solution would be amending the MFS Regulations 2018 and make detailed provisions on how consumer data can be accessed and in which case, consumers right to know on the type of data and its usage, how the collected data is processed and the right to withdraw consent at any point in time**, besides adding details other minimum requirements as done in case of Banks and NBFI.

- **An alternative could be to institute a new and dedicated 'Financial Consumer Protection Regulation' covering all financial service users.** The Bangladesh National Financial Inclusion Strategy envisions to Formulate Consumer Protection Framework by all financial sector regulatory bodies separately, which highlights the need and the GoB's commitment to consumer protection for consumer protection. Despite the necessity for separate frameworks on the varying level of

[18] Bangladesh Bank. 2017. "Prudential Guidelines for Agent Banking Operation in Bangladesh."

risks, it is necessary to comprehensively bring all financial institutes under one umbrella with specific and detailed regulations, stipulating in detail that every financial service provider shall be required to put in place appropriate security and control measures to protect consumers. In Kenya, the National Payment System Regulations, 2014 establish consumer protection rights across financial services, including e-money and DFS. In Tanzania, the Financial Consumer Protection Regulations caters to all segments of the financial sector, and creates no ambiguity, as it comprehensively brings all financial institutes under one umbrella with specific and detailed regulations.

- **Formulate a comprehensive data protection and privacy act protecting the consumer interests**

Although there are some protections offered by various Acts and Regulations on piecemeal nature, Bangladesh remains one the 25 countries in the world with no comprehensive data protection for consumers and the general public. The existing Data Privacy and Protection Regulation 2019, indicates how citizen's personal data can be obtained, stored, and used but does not comprehensively benefit the users' interest and remains vague in the definitions, and if they will apply to financial consumers. Bangladesh Bank's guidelines on consumer services and complaint management only note a broad commitment to 'privacy and confidentiality' but there lacks a dedicated legal framework for financial institutions on this topic. The 2018 regulations also refer to the ICT Act 2006 (amended in 2013) and the Guidelines on ICT Security for Scheduled Banks and Financial Institutions 2010 issued by BB for any related causes, which themselves are vague when it comes to comprehensive data protection and safeguarding guidelines. There is no comprehensive mention and guideline on 'Consumer Data Protection' in the ICT Act.

The ICT Division is drafting a new data protection law, which is expected to build on the existing provisions and offer more clarity on various data protection and privacy areas. A main element of which is likely to be data localization that reportedly could require the data collected to be kept within the borders of the country. This will obligate international tech companies and Foreign Financial Institutions (FFIs) to establish data centers within Bangladesh. However, how this localization will help the consumers, and how DFS users are safeguarded with privacy and protection, remains to be seen.

- **Bangladesh should quickly enact and integrate data privacy and data protection within DFS:** Bangladesh should consider undertaking similar measures as in Tanzania and integrate data privacy and data protection comprehensively by emphasizing that DFS providers have well defined internal data sharing policies and guidelines on collection, usage, its confidentiality and overall security after collecting consumers' data with proper consent. Tanzania has a comprehensive legal framework governing data protection and privacy that applies to financial service providers with a specific section on protection of consumer's data and its usage in the Financial Consumer Protection Regulations 2019.

- **The new Data Protection Act should comprehensively address the existing gaps in protecting consumers' data, and ensure it applies to all entities, including DFS and Banks:** The proposed law should by default build on the existing provisions and offer more clarity on various data protection and privacy areas, which applies to all entities and individuals that gather and process customer data, including financial institutions. The Act may further consider establishing a new function for a Data Commissioner as done in Kenya, the office of which should develop specific guidelines in relation to the Act for individual sectors, including financial services.

- **The ICT Division should draw on available best practices in protecting consumer interest while formulating the new bill:** An example of a strong data protection law is the European Union's General Data Protection Regulation. Not only does it regulate how data can be accessed and who can access the data, but it also gives consumers the right to know what data is being collected about them, what will be done with it, how it will be processed, and finally, empowers the citizens to withdraw consent at any point in time.

- **The upcoming *Data Privacy & Protection Act should meet the core purpose of safeguarding the consumers:*** Even though the Act could ensure data localization, it is unclear if government agencies would have direct access to those data. In 2020, government agencies made more than 500 requests to Facebook for user data. Data localization could make it easier to conduct surveillance and thus present further risks to consumers. Thus, the proposed Data Protection Act should be solely focused on providing comprehensive privacy rights to users and protect their own personal data from any entity, including state actors.

- ### Monitoring and proper enforcement of regulations

In the MFS Regulations 2018, section 16.1 states "MFS providers will be under off-site and on-site supervisions of Payment Systems Department (PSD), and that "MFS providers shall have to follow rules, regulations, guidelines and instructions issued by Bangladesh Bank time to time". Furthermore, it is also stipulated that BB's PSD and Financial Integrity and Customer Services Department (FICSD) will oversee customer complaints redressal performance of the MFS providers. MFS providers, as Payment Service Providers and authorized agents of banks, are required to observe KYC and CDD requirements and also expected to comply with Money Laundering Prevention Act, Anti-terrorism Act and other guidelines issued from time to time by Bangladesh Financial Intelligence Unit (BFIU).

However, lack of proper enforcement and appropriate supervisory capacity lead to low effectiveness of appropriate legislation in place that are deigned to mitigate risk and protect the consumers, majority of whom are poor and unbanked. The absence of appropriate regulatory regimes and supervisory oversight can create opportunities for fraud. These regulatory gaps are further exacerbated by poorly trained and equipped law enforcement agencies, leading to delays in investigating and resolving fraud cases. Appropriate legislation that makes mitigatory controls mandatory and ensure due implementation of the same by providers through strong regulatory oversight is thus critical.

- **Provide regulators with necessary tools and increase their technical capacity:** Governments, donors, and development partners should continue to support MFS Providers and law enforcement agencies and regulators with technical assistance and capacity building.

- **Have comprehensive and well-defined procedures for the regulatory bodies with clear roles and responsibility specified.** It is important for Bangladesh's regulatory body to develop an effective monitoring and evaluation framework, which promotes accountability and proper enforcement of regulations. It is also necessary to have the regulatory procedures and roles well defined, with responsibilities properly allocated to respective authorities. The recent introduction of comprehensive mobile money and electronic money regulations in several leading mobile money markets, such as Kenya, Tanzania, China and India, has helped to formalize the sector.

- **Create a platform for regular dialogues between consumer interest groups and relevant agencies/authorities for continuous improvement:** Regular engagements with regulators by consumer interest groups and financial inclusion agencies is necessary to ensure accountability, sustainability and continuous improvements in monitoring and evaluation. Providing appropriate platform for problem identification, prioritization and support toward better monitoring and regulatory oversight is key for a country like Bangladesh, where enabling sector-specific regulations are yet to be implemented. Going forward, there should be increased engagement of regulators with industry to develop a system to ensure compliance and normalize good practices.

- **Capacity building of consumer rights groups**

A relatively high-level of capacity building is required for all the relevant stakeholders that specifically work on consumer rights and protection issues in Bangladesh. Consumer rights groups such as Consumer Association of Bangladesh require capacity building to act as a watchdog on financial services, curb the risks associated with it and promote consumer awareness. Improving inter-agency coordination, strengthening technological infrastructure, improving human resource and risk management skills are important areas for improvement at regional levels. This is equally applicable to designated departments of digital financial service providers that work extensively on customer protection issues and operate internal risk control system to handle consumers' complaints.

Government institutions, development partners and NGOs can work collaboratively to identify gaps in institutional capacities, build and act on a roadmap to better equip themselves in helping to create a secure infrastructure for consumers and long-term sustainability in dealing with consumer issues and consumer protection areas.

- **Strengthening anti-fraud technology and tools**

While the MFS industry has developed a range of responses to fraud in protecting customers, many regulatory agencies lag behind without sufficient regulations, risk assessment and monitoring tools for MFS for proper enforcement. It is important for regulators and monitoring authority to be equipped with proper tools and technology and have necessary capacity to implement and oversee stronger fraud monitoring and risk mitigation measures and stay ahead of the curve.

- **Add multi-factor authentication:** Multi-factor authentication offers extra security by requiring two or more credentials to log in to your MFS or other digital finance accounts. Forms of multi-factor authentication can include email or text message confirmations or verification codes. Such authentication process will make it harder for scammers to log in to the users' accounts even after having access to the account holder's username and password. Most sky banking accounts, and MFS accounts in Bangladesh have employed two-factor authentication to avoid fraudulent activities and to limit scams.

- **Set up account alerts:** Users can be sent alerts in terms of text messages or phone calls when transactions occur that are out of pattern compared to their normal activities. This will help them identify and report unauthorized transactions more quickly.

- **Increasing consumer awareness to ensure safer use of digital financial platforms**

To make the financial inclusion initiatives sustainable and responsible, Bangladesh Bank has taken numerous steps to improve consumer awareness and protection. One of the notable steps is building its own institutional set-up, named 'Customer Interest Protection Centre,' to the grievance redressal system, so that end-level consumers can use a dedicated hotline number, email, fax and app-based complaint management system (NFIS-B) to register complaints or to receive information on particular issues. However, setting up a system is only the first step of the process. There should be sequential development of the entire process that will inform consumers of the services in place and will make sure that they can make use of the services. Making DFS consumers aware of safety issues is not always a straightforward task especially when technology-driven fraudulent practices may not appear to be too obvious and/or customers could not care enough before being a direct victim of those. Thus, a collaborative effort by government agencies, NGOs, digital service providers, and civil society organizations is required to build and increase awareness around safer use of digital financial platforms.

- **Different forms of delivery channels can be used to raise consumer awareness:** The different modes of delivery ranging from the use of mass media (such as television, public campaigns, road shows, radio programmes), and other tools (brochures, flyers, posters, or training videos). In rural areas, a spokesperson or influential member of the community can help raise awareness. To get a better reach of the target audience, instructions and messages via these platforms should be provided in the native language. In a report by CGAP, it was found that Safaricom's M-PESA utilizes

SMS alerts, radio announcements in local dialects, newspaper ads, and other efforts to improve customer awareness19.

- **Community Service Centers (CSCs), managed by village representatives, can also go a long way in building awareness and informing rural population of their rights, and services available for them.** Agents at agent points can also be trained to help with basic queries related to digital transactions. Female representatives at these centers should also be considered as a mean of engaging more women participation.

- **Considering literacy and socio-economic characteristics when choosing delivery channels:** The primary objective to consider when choosing awareness delivery channel is the socio-economic characteristics of the target audience, primarily the educational levels and geographic locations. For instance, if we are considering rural population then an in-person awareness programme might be most effective to deliver key messages related to digital financial services.

Awareness programmes as such will help customers learn the signs of fraud and identity theft as well as the options, they can use to protect themselves.

- **Establish customer care service outlets in remote areas to reach marginalized groups with low digital literacy**

There are several crucial aspects and dimensions of rural services. Considering the user representation in rural sub-districts are not well versed on usage and problem mitigation strategies of digital services, a certain level of in-person customer service provision may help in addressing inquiries from digital platform users. In-person services are much preferred in rural areas where users are still not comfortable calling hotline numbers or dedicated call centers to raise their concerns.

In the absence of proper customer care centers, these users usually rely on agents, neighbors, or anyone with adequate knowledge on the services. This may be particularly risky if the users end up sharing their PINs or other personal information with an unauthorized individual. Locating one-person customer care service centers in remote areas, preferably a trained member of that community, can build trust among the users and curb problems associated with consumer risks.

It is important to understand, that no matter where people are settled, they always anticipate the provision of certain categories of basic public and private services, more so if it is related to financial transactions. bKash for instance, one of the leading mobile financial service providers of Bangladesh, has set up its customer care centers in approximately 70 percent of the Upazilas. Maintaining an active representation across different areas of the country can not only help with customer protection, but consequently help improve the brand image of the digital service provider as well.

- **Strengthening digital and financial literacy of consumers to increase financial inclusion and ensure safer use of financial services**

The effect of increasing financial inclusion in Bangladesh cannot be fully utilized until there is adequate level of financial literacy among the users. Particularly in rural areas, proper knowledge about various financial services can protect customers from aggressive money lenders and scammers who may exploit the borrower's lack of financial knowledge and literacy.

Under clause 15 of the Bangladesh MFS regulations 2018, it is stated that MFS providers should develop and pursue sustainable programs for continual heightening of awareness and knowledge about various aspects of mobile financial services among their employees, agents, distributors/super agents and target customer segments. As it is already imbedded in one of the requirements of the BD MFS regulations, it becomes the responsibility of the providers to ensure that customers know how to access their accounts and services, understand the use of the products/services offered, as well as their rights and responsibilities. Call centre agents, and information on apps and websites of each MFS provider are also available for any customer query.

- **Effective Digital & Financial Literacy Programmes:** For the digital financial literacy programmes to be effective, the content and delivery channel for such programmes need to be practical, relatable, and useful to the target audiences. Considering that the financial education needs of customers are constantly changing with the adaption of newer technologies, such literacy programmes must also be updated at regular intervals.

- **Providing user education at sign-up stages:** Providing users the necessary guidance of consumer protection, rights and usability can be extremely effective as well. User surveys from M-Shwari in Kenya showed that user experiences could be improved by taking this route. Detailed information about services helps users better understand how the product and its structure work, while reducing their trial limit and increasing consumer confidence in the services[19].

- **Digital/mobile service providers, NGOs and regulators can offer financial literacy trainings.** Trainings must compile the basics of formal finance in order to educate consumers on how to make financial decisions and how to use financial products[19]. The design of a financial education programme should follow a sequential development process: adequate market research to grasp existing knowledge gap and problems customers face, pilot testing with a small sample group, refinement, and roll out. Following this process will help ensure that the curriculum is built on need- and demand-driven bases[20].

- **Adequate training should also be provided to financial education trainers and field officers**: These trainers and officers should preferably be people of the same community/village at familiar locations to encourage participation.

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[20] The MasterCard Foundation, Microfinance Opportunities, and Genesis Analytics, 'Global Study on FinancialEducation: Report', 2011

- **Financial Education courses at school:** To increase the level of financial understanding at the grass-root level from an early age and help the future generation evaluate and compare financial products, introducing courses on financial education in schools' national curricula should be considered.

Such digital literacy training can be mutually beneficial for both consumers and financial service providers as clients become more equipped to evaluate digital products/services, better manage their digital wallets, and make more informed choices about the financial products offered. Alternatively, financial service providers perceive improved portfolio quality as being a result of less risky clients[21].

[21] Gummi, Manasa, et. al.: Consumer Protection In Financial Technology, Risks unbanked and underbanked consumers face in digital credit and the technological and regulatory approaches to mitigate risks, GSPP.

V. Conclusion

Digital financial platforms are designed to reach households and merchants with little experience in formal finance. The goal is to provide banking solutions to maximum number of unbanked people while exposing them to minimum possible risks. The purpose of the paper is to identify primary consumer protection issues in use of digital financial platforms and possible ways in which regulators can address them. While there exists a body of research and evaluations on the effectiveness of risk mitigation approaches, there is no “perfect” approach that can be applied to the unique digital markets in today’s emerging nations. Nonetheless, protecting consumers in the digital marketplace should remain the ultimate goal.

Given Bangladesh’s digital economy is at an early stage and a large portion of the population are relatively less educated and unbanked, gaining consumer confidence and trust is essential to acquire and retain their participation in the digital platform. Stakeholders must continue to effectively intervene and provide solutions to protect unbanked and underbanked consumers in emerging markets. In light of that, this paper is developed to identify consumer protection issues in DFS in Bangladesh and assess some alleviation approaches the regulators and stakeholders can use in dealing with risks in the digital field. There are also a number of international guidelines and tools that have been developed to help regulators design appropriate consumer protection frameworks. Some of these tools have been outlined in the concluding section.

As with any other financial product, disclosure and transparency principles are fundamental to reduce asymmetry of information; it ensures that consumers, especially those belonging to the vulnerable section of the society, take informed decisions. We therefore strongly recommend introducing a more refined digital financial literacy strategy by the government22. This could be in terms of introducing digital literacy programmes into the national education curriculum, and/or undertaking financial literacy trainings in vulnerable communities throughout the country. Yes, digital financial education has traditionally not been a core objective of regulators, but the growing incidences related to digital financial risks are now encouraging regulators to develop and incorporate consumer protection frameworks, and financial literacy strategies into their regulation guidelines.

Critical to the success of any policy model is the enabling environment to support its application and permanence. Consumer complaint and redress mechanisms in this case are critical to embedding customers’ trust in the DFS industry. An accessible, timely and efficient complaints and redress mechanism not only enhance users’ trust and uptake of DFS, but also enhances their resilience to financial risks.

Moreover, the media, both traditional and digital-only outlets, could play an influential role in exposing unethical or illegal business practices. E-commerce platforms should devote their efforts to identify and combat unethical or illegal businesses activities to ensure the security of payment mechanisms to protect consumers. Additionally, consumer organizations, journalists and regulatory bodies can collaborate to share information and recommend good practices. However, a well-established regulatory and supervisory framework without a credible enforcement mechanism, may weaken the effectiveness of the framework itself. Hence an effective enforcement system is essential to ensuring adherence to regulations.[22] The primary goal is to curtail digital risks to consumers while amplifying the benefits brought about by new digital products and services.

[22] AFI: Policy Model on Consumer Protection for Digital Financial Services

Annex

Table 3: Sub-indicators in the EIU Global Microscope Financial Inclusion Index, where Bangladesh did poorly

Sub-Indicator name and question	Key findings
1.1.3) Evidence of intra-government coordination and implementation Does the national strategy include a gender approach?	There is no evidence of a financial inclusion strategy or no evidence of a gender approach in the existing financial inclusion strategy
1.1.4) Target agent network Does the government strategy include a target on the size of agent networks?	There is no evidence of a financial inclusion strategy or no evidence of a target to expand agent networks
2.4.4) Technical expertise to supervise financial services Are there any women occupying top decision-making positions in the financial regulatory bodies?	0 - 10% of top decision-making positions are held by women
2.4.6) Market monitoring Do authorities regularly monitor the market for providers that are not regulated as financial institutions but provide financial services that can impact the financial system and pose a risk for stability and integrity?	Regulators are not monitoring the market to reduce the risk from non-regulated financial institutions
3.1.3) Remote account opening Do regulations contain provisions that allow remote account opening by banks, non-banks, e-money issuers and/or agents?	There are substantial barriers for remote account opening by banks, non-banks, e-money issuers and agents
3.1.4) Deposit insurance Does deposit insurance exist and is it available to all deposit-holding financial institutions?	Deposit insurance is not available or only available to deposits safeguarded in banks
4.1.3) Aggressive sales and debt collection practices Are there clear rules set by the regulator aimed at preventing aggressive sales or unreasonable collection practices?	There are not clear rules to prevent aggressive sales or unreasonable collection practices
4.2.1) Harmonised requirements for inclusive insurance products Does consumer protection regulation stipulate requirements for insurance customers? Do requirements resemble those of financial services providers?	The regulation does not stipulate requirements for insurance customers
4.3.1) Data protection laws and privacy bills Are there data protection and privacy laws?	The country does not have any data protection and privacy regulations that impact the provision of financial services.
4.3.3) Data privacy enforcement entity Is there a government entity that enforces privacy laws and does it have the capacity to enforce them?	There is no government entity with a mandate to enforce data protection laws

Sub-Indicator name and question	Key findings
5.1.4) Degree of interoperability What are the main payment networks (i.e Visa, Mastercard, Safaricom, Tigo)? Are any of the following barriers for financial providers that want to join these networks? 1. Policy (e.g. there is no mandate for networks to provide access for low income populations) 2. Cost (e.g. the networks are open but prohibitively expensive for MFIs and other low income providers)	The current state of interoperability in the retail payments system serves as a major barrier to the development of an inclusive retail payments market
5.2.2) e-KYC verification systems Is there an automated mechanism for e-KYC verification (like an e-signature) provided or approved by the government?	The government does not provide an automated mechanism for e-KYC or has not approved one
5.4.3) Coverage of Credit registries	5.2/ 100

Table 4: Consumer Protection Responses by Countries

Country	Risk	Mitigation Approach Used
Bangladesh and Pakistan	Insufficient agent liquidity	Funding delivery mechanism: In Bangladesh, agent aggregators designate 'runners,' employees who bring cash to agents on a regular basis. The practice provides frequent opportunities for retailers to rebalance their cash supply whenever needed. Agent approval processes: Providers set criteria to determine the financial health and liquidity of retailers. Pakistan's EasyPaisa analyzes data on airtime sales to verify the financial health and liquidity of a business before approving a retailer as an agent.
South Africa and China	Fraudulent act during SIM swap	According to CGAP, ABSA operating in South Africa places a temporary hold on a customer account if it becomes aware of a SIM swap. The customer has 36 hours to authenticate and advise ABSA if the SIM swap was legitimate. CGAP also reported that F-Road in China utilizes a SIM overlay card, in which a thin SIM is placed on top of the customer's regular SIM, so that financial activity is tied to the overlay card while phone activity is tied to the regular SIM. The data sent through the overlay card are encrypted, so only the FSP has access to the data.
Kenya	Misinformed consumers due to lack of transparency	TechnoServe, in partnership with Vodacom, CGAP and Arifu in Kenya, developed an SMS based program for farmers. The program disseminated new or confusing product information with standard definitions, to the farmers. The program disclosed this information in order to prevent confusion and help farmers improve their business practices through proper use of their credit products.

Country	Risk	Mitigation Approach Used
Tanzania and Kenya	Consumer security and privacy breaches	Tanzania's Banking Act prohibits unauthorized disclosure of transaction information. Kenya's Central Bank credit reference bureau regulations require that credit bureaus protect the confidentiality of customer data.
Ghana and Colombia	Poor Customer Service	Tigo-Ghana guarantees its customers are given feedback on the progress of their requests/problems not later than an hour after complaining. (Tigo Ghana 2015). Ban Colombia has created a dedicated call center for agents, making it easier for them to resolve their own and customers' complaints.

Source: Gummi, Manasa, et. al.: Consumer Protection In Financial Technology, Risks unbanked and underbanked consumers face in digital credit and the technological and regulatory approaches to mitigate risks, GSPP.