

Staff

Rafe Mazer
Innovations for Poverty Action

Xavier Giné
World Bank

Rebecca Rouse
Program Director, Financial Inclusion

Matthew Bird
Universidad del Pacífico

Timeline

10 AM - 12 PM

Date

June 09, 2020



BREAKOUT SESSIONS

DIGITAL DATA TRAILS AND CONSUMER PROTECTION

This group considered a range of data types and how researchers might use them for consumer protection research. Digital finance by nature means increased numbers of digital records. Where digital finance is replacing analog approaches, this means more detailed and easily accessed information on customers and accounts than was previously possible. Some examples of this include:

1. Loan data. The Bank of Tanzania analysed more than 20 million mobile-delivered loans to measure risks such as late payment and default, penalty fees and total cost, and gender and geographic dispersion of borrowers. ([Graham, Izaguirre, Mazer, 2018](#))
2. Payments data. The Central Bank of Kenya has measured consumer response to the removal of fees for mobile money transactions below 1,000 Kenyan Shilling. ([Central Bank of Kenya, 2020](#))
3. Social media data. New channels for consumers to share their voices are being used to identify emerging issues and monitor provider responsiveness. ([Njando, 2019](#))

This session explored what market monitoring and measurement possibilities these new data trails offer. Beyond that, it sought ideas for how we can move beyond monitoring and measurement to leverage these channels for testing new solutions via rigorous impact evaluations.

Suggested reading:

- Authority, Financial Conduct. [Proposals for a price cap on high-cost short-term credit](#). (2014).
- Bertrand, X., Bozajette, D., Fozar, F., & Chongo, B. (n.d.). [Support for Bank of Zambia in Relation to Credit Market Regulation: Review of Current Byroll and Reg. FSD Africa \(2015\)](#)
- di Castro, Simone, Stefan Hohl, Arend Kulkampff, and Jerry Perio. ["The digital generation."](#) (2019).
- Graham, L., Izaguirre, J., Mazer, R. [Digital Credit Market Monitoring in Tanzania](#). CGAP, (2018)
- Gwer, F., Odum, J., Totolo, E., [Digital credit audit report: Creating value through inclusive finance: Evaluating the conduct and practice of digital lending in Kenya](#). FSD Kenya, (2019)
- Mazer, R., Orcheku, D., [Did you see my tweet? Monitoring financial consumer protection via social media](#). FSD Kenya, (2019).

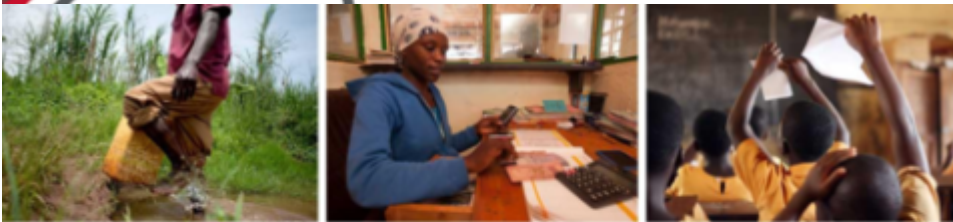
DIGITAL CHANNELS AND CONSUMER EXPERIENCE

This group set the agenda on how digital delivery changes consumer risks, for good and for bad by shifting the channels and actors involved in product delivery and complaints handling. Issues such



Social Media & Consumer Voice

Dr. Dani Madrid-Morales
University of Houston



Consumer Protection Research Initiative

Rafe Mazer, Initiative Director
June 9, 2020 | www.poverty-action.org



Trust and Consumer Sentiment

Matthew Bird
Universidad del Pacifico

IPA Consumer Protection Research Initiative
June 9, 2020

Student Debt and the Campus Ban of the CARD Act

Alexander L. Brown – Texas A&M University
Daniel Grodzicki – The Pennsylvania State University
Paolina C. Medina – Texas A&M University

IPA Consumer Protection Initiative
June 9, 2020

IPA Launches Consumer Protection Research Initiative

On June 9, 2020, the [Financial Inclusion Program at IPA](/fip) convened a global network of more than 60 researchers working on consumer protection and digital finance issues for the Launch Meeting of the Consumer Protection Research Initiative. This virtual meeting featured presentations by Initiative leadership Xavier Giné of the World Bank and Rafe Mazer of Innovations for Poverty Action, researcher presentations by Dani Madrid-Morales (University of Houston), Matthew Bird (Universidad del Pacifico) and Paolina Medina (Texas A&M), and moderated discussion groups on the topics below.

This interactive virtual meeting helped the team better understand researcher interest and solicit feedback on research priorities and innovative methods that will lead to improved market monitoring, improved customer experience, and expanded consumer choice in the initiative's priority markets.

Agenda

10:00 - 10:15 AM | What does the research tell us so far, and what are the knowledge gaps?

[Xavier Giné](/people/Xavier-Giné), Lead Economist, Development Research Group, World Bank

Drawing from extensive knowledge in this space, this opening presentation provided an overview of the existing literature on consumer protection and the existing gaps in the evidence.

<h4>10:15 - 10:30 AM | How can research be most useful for in-country partners and protecting consumers?</h4>

Rafe Mazer, Initiative Director, Consumer Protection, Innovations for Poverty Action

How does the Consumer Protection Research Initiative aim to bridge the existing evidence gaps? How will IPA connect decision-makers in industry and government with researchers? In this presentation, Initiative Director, Rafe Mazer shared how the new Consumer Protection Research Initiative will aim to connect researchers and practitioners to address consumer risks.

<h4>10:30 - 10:40 AM | Lightning talk: Social media and consumer voice</h4>

Dani Madrid-Morales, Assistant Professor, Jack J. Valenti School of Communication, University of Houston

Social media has dramatically changed the ways consumers and firms interact, and the growth of channels like Facebook and WhatsApp in emerging markets could yield important insights for consumer protection monitoring. Professor Dani Madrid-Morales shared insights and experiences in computational text analysis, machine learning, and other new methods, and what they could mean for consumer protection and financial inclusion.

<h4>10:40 - 10:50 AM | Lightning talk: Using trust to measure consumer sentiment</h4>

Matthew Bird, Professor, Universidad del Pacífico

Trust is an important component of increased use of financial services. But trust is also something that must be earned—and preserved. Exploring linkages between consumer protection, trust, and uptake of financial services is an important question to advance financial inclusion. Professor Matthew Bird presented on methods for measuring and rating trust, and how this demand-side data is being linked to new sources such as consumer complaint records from mobile network operators to yield insights into the experiences of digital finance users.

<h4>10:50 - 11:00 AM | Lightning talk: Borrower behavior after the US CARD Act</h4>

Paolina Medina, Assistant Professor of Finance, Mays Business School, Texas A&M University

The campus ban of the CARD Act in 2009 made it harder for students to get credit cards, leading to a 7% increase in student loan borrowing. Prof. Medina discussed how behavioral models can help explain this peculiar spillover effect.

<h4>11:00 - 11:20 AM | Breakout session 1 (Topics: A, B, and C)</h4>

<h4>11:20 - 11:40 AM | Breakout session 2 (Topics: A, B, and C)</h4>

A. Digital data trails and consumer protection: This group considered a range of data types and how researchers might use them for consumer protection research. Digital finance by nature means increased numbers of digital records. Where digital finance is replacing analog approaches, this means more detailed and easily accessed information on customers and accounts than was previously possible. This session explored what market monitoring and measurement possibilities these new data trails offer. Beyond that, it sought ideas for how we can move beyond monitoring and measurement to leverage these channels for testing new solutions via rigorous impact evaluations.

B. Digital channels and consumer experience: This group set the agenda on how digital delivery changes consumer risks, for good and for bad by shifting the channels and actors involved in product delivery and complaints handling. Issues such as unexpected fees, fraud, and poor service are not new to financial services. However, the introduction of new channels such as agents or digital banking introduces new channels for risks to affect consumers and new paths to support affected consumers with innovative approaches to customer care and third-party dispute resolution mechanisms. This discussion focused on the ways digital channels shift these risks and how we can better protect digital consumers, with particular emphasis on low-income, low literacy, or vulnerable populations.

C. Consumer choice: This session explored how information exchange between consumers and financial service providers impacts product choice. We explored these exchanges in both directions: Provider-to-consumer and consumer-to-provider(s). For the former, questions such as how to develop a key facts statement for apps or illiterate phone customers show the need for new research on transparency in digital product models. For the latter, the growing digital records of identity, product usage, and economic activity provide consumers opportunities to increase choice in providers and products. This becomes all the more powerful when linked to online marketplaces and comparison tools, which raise numerous opportunities for testing the impact of concepts like digital credit information systems and data portability tools.

11:40 - 11:50 AM | Readouts from sessions

11:50 AM - 12:00 PM | Final comments and next steps for the Consumer Protection Research Initiative

[Rebecca Rouse](/people/Rebecca-Rouse), Program Director, Financial Inclusion, Innovations for Poverty Action

City Webinar **Country** United States