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FEATURE

The need for regulating E-platforms and E-wallets

One of the most adopted and prevalent modes of cashless mediums being increasingly adopted by consumers, businesses and other users is e-wallets or mobile wallets. With the ever-growing popularity of e-wallets in today's times, almost every shop from smallest to the biggest is accepting money through these methods of online payments making it faster and more reliable. Carrying cash is being reduced to a very great extent since the mobile phone is sufficient to perform all those functions. Arguably, more value is added and available to the consumer now.

E-wallets, in all their forms, are now an established piece of the global payments landscape and has taken the global market by storm. In 2021, digital wallets comprised 48.6% of e-commerce transaction value globally. By 2025 digital wallet use will account for just over half (52.5%) of ecommerce transaction value worldwide, versus 48.6% in 2021, according to the FIS Global Payments Report. At the physical point of sale, the report states, digital wallet use will rise to nearly 39%, an increase of about ten percentage points from 2021 levels.

That growth reflects increasing and maturing usage in markets where digital wallets dominate the payments mix, notably the Asia-Pacific region before being widely used by other nations including Fiji.

COVID-19 Drives Global Surge in use of Digital Payments

The pandemic was difficult for families and businesses across the world, yet many believe it accelerated growth in digital payments as people were less physically mobile during lockdowns and cash was perceived as a vector for COVID-19. Beyond these changes in consumer behavior, there were other conducive actions taken by governments and providers to grow the use of digital payments systems. Hence, the COVID-19 pandemic has spurred financial inclusion – driving a large increase in digital payments amid the global expansion of formal financial services and Fiji was no exception.

The challenges posed by the COVID pandemic forced many businesses to reimagine their businesses' models and reengineer business processes to continue to remain relevant and accessible to their customers. One thing that has clearly stood out is businesses that had invested in digital platforms and technology have certainly been able to ride out the COVID wave much better. With hundreds of families affected by lockdowns and severe health implications associated



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with outdoor travel, Fijians were quick to utilize the digital banking platform to pay their bills and even purchase groceries online. Thousands of families also accessed the E-wallet platform to receive multiple rounds of Governments direct cash assistance during trying times.

COVID-19 Created Goldilocks Conditions for Mobile Money

The combination of changing consumer behavior, relaxed mobile money regulations, reduced transfer prices, and massive cash transfer programmes seem like the perfect storm to create goldilocks conditions for accelerated growth in mobile money.

The other side of the Spectrum

The sudden increased uptake in the use of e-wallets or mobile wallets over the past few years, although came with several benefits, it is not without its challenges and issues. For instance, the issues associated with the use of E-Wallets here in Fiji is security and the lack of consumer protection laws which is why some people still do not feel safe on this platform. The recent increase in cyberattacks worldwide and hoax messages requesting One Time Passwords has only fueled this perception further since people often believe someone else can access their account easily. Another con of the digital wallet is that sometimes people might struggle with their spending habits due to a lack of saving or budgeting skills. E-wallets are designed to offer seamless and easy transactions. While this is not a con in itself, those with poor budgeting skills may end up spending more.

The issues which consumers face with e-wallets is important as it impacts consumer wallet and rights. The Consumer Council of Fiji has received a total of **211** complaints in relation to E-Wallets since 2019, with a monetary value of over **\$13,000**. It must be noted that these complaints do not include the complaints or grievances flagged to other organizations, letters to the editor, the traders and agents. Many passive consumers particularly in the rural and semi urban areas have also relayed their challenges during the Council's community awareness sessions and aspire that their challenges would be resolved.

What are the issues prevalent in relation of mobile wallets

In Fiji the mobile money was introduced in 2010 by the Reserve Bank of Fiji (financial regulator) who had announced that they were working with two Mobile Network Operators (MNO), namely Digicel Fiji Limited, and Vodafone Fiji Limited to deliver mobile money services (mobile wallet) to the people. The objective of the mobile money was introduced to improve the lives of those who



live in the rural and maritime areas by enabling them to engage in financial services that were not readily available due to their geographical location.

Based on an analysis of consumer complaints, queries and concerns, there are a few pertinent issues which consumers face requiring immediate attention. These include:

- Registered and unregistered agents charging consumers exorbitant fees as high as \$10.00 for withdrawal of funds;
- Imposing of minimum spending limit for the use of QR pay services;
- Agents charging service fees for the use of QR Pay;
- Mobile money scams that involve sharing the One Time Passcode (OTP) in order to receive a share of a prize money;
- Charging fees for payments made via a mobile transfer; and
- Unavailability of registered agents in the rural communities.

A deeper look into the issues surrounding mobile money platforms

The following are a brief discussion on the nature of complaints received at the Council in relation to mobile money e-wallet.

- **Charging exorbitant fees for withdrawals**

One of the major issues raised by consumers is the exorbitant withdrawal fees charged by certain registered as well as unregistered agents. Whilst there are different fees specified by the mobile money service provider, individuals/traders seem to ignore it in their bid to make an additional buck. Currently, there are no regulation and policies which regulates these fees and charges. This issue was extremely prevalent during the COVID-19 pandemic as consumers received government assistant via their mobile wallets however, has continued since. In certain cases, consumers were forced to pay withdraw fee as high as \$20.00.

Case Study 1

The complainant informed the Council that she went to withdraw \$228.00 from her E-Wallet at a shop in Navua however, \$18.00 was deducted as withdrawal fee.



- **Imposing of a Minimum Spend Limit on the usage of E-Wallets**

The Council had observed through the complaints and tipoffs that certain agents imposed a minimum spend requirement on consumers intending to pay via QR pay. Hence, consumers were being forced to spend more than they required in order to access the services.

- **Conditions placed by registered agents for withdrawals**

The consumers during the COVID-19 lockdown and even after the Pandemic explicated that businesses were placing restrictive conditions such as asking them to purchase goods in order to withdraw funds from their E-Wallets.

Case Study 2

A consumer went to withdraw money from her E-Wallet account from a service station however, was told to purchase goods from the store before she could withdraw cash from her account.

- **Agents charging a service fee of \$0.30**

Several consumers expressed their grievances that when making payments via QR Pay at certain service stations and retail outlets, they were asked to pay withdrawal fees of \$0.30. As per the response from the E-Wallet provider in question, QR Agents should not be charging any fees however, there is no regulation or penalty restricting such practice.

- **E-Wallet Scam involving OTP sharing**

The Council has received several complaints from consumers who have received calls from registered numbers claiming to be E-Wallet providers (scammers). These scammers state that the complainants have won cash prize money, and in order to claim the cash prize, these complainants would need to share their OTP (via the authentic 181 text message



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platform from Vodafone Fiji Limited). Once the OTP is shared/communicated, the funds are then immediately transferred from the complainants E-Wallet account.

Case Study 3

Complainant had received a call from a person (scammer) claiming to be a staff of the service provider. The scammer stated that the complainant had won a portion of \$1500, and in order to access the same, she would be required to share her OTP number which she had just received on her mobile phone. Upon sharing the same, the complainants existing funds worth \$562.00 was withdrawn from the complainant's phone.

- **Charge of withdrawal fees for payments made via E-Wallets**

The Council during its surveillance on social media platforms (Facebook and Instagram) recorded that online businesses were charging a fee ranging from \$1 to \$3 for payments made via E-Wallets. Whilst the nation is moving towards a cashless society, such fees may discourage consumers to engage in online purchases.

The urgent need for regulating E-Wallets

Multilateral standard-setting bodies such as the Bank for International Settlements have suggested that central banks may need to introduce specific safeguards to guarantee sufficient operational resilience for companies offering systemically important payment services to a significant section of the population.

In Fiji, transactions worth millions of dollars are done via mobile money wallets every week. Given the extent of use of this platform and the sheer volume of transactions performed using it, laws and regulations pertaining to its administration, use and terms and conditions is now imperative.



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Why?

With the high uptake of mobile money wallets, multiple compounding issues have been raised by consumers and also discovered by the Council – as discussed above. These issues tend to breach the right of consumers and demonstrates the malicious intent of many individuals and traders to profiteer at the expense of consumers. However, given that the mobile money service providers are private companies and mostly deal with retailers and service providers; agreements between the two does not adequately protect the rights and interests of consumers. Furthermore, there are also individuals and traders which offer consumers the use of this service to pay for transactions however, tend to impose their own conditions and fees and charges.

Unfortunately, as there are currently no laws which regulates mobile money providers and services, consumer voice and interest in this matter is limited to non-existent. Whilst the Council has been addressing complaints pertaining to mobile money services, unless there are laws in place, these issues will continue to persist or even get worse.

Therefore, the Consumer Council of Fiji, as the voice of consumers in Fiji is currently in the process of developing a proposal to the relevant authorities for the need to develop regulations to regulate mobile money channel. As such, the Council is also calling on consumers to make their voice count by expressing their views on the same via the submissions portal on the Council's website www.consumersfiji.org or email on Manager_rpa@consumersfiji.org.