



Fair Digital Finance

Description

Theme:

- World's Consumer Rights day is commemorated on 15th March every year to highlight the issues faced by consumers globally. The day helps in promoting awareness about consumer rights. For the year 2022, the theme for World's Consumer Rights Day is "Fair Digital Finance".

What is Fair Digital Finance:

- As financial services such as payments, insurance and money management are increasingly becoming digital, consumers are now increasingly vulnerable to scams, frauds, data theft etc. So, 'Fair Digital Finance' was selected as the theme for World's Consumer Rights day, 2022 to build a digital financial marketplace that is safe, inclusive, and sustainable for everyone.

What issues were highlighted at the first-ever Fair Digital Finance Forum:

From March 14th to 18th, 2022, the first-ever Fair Digital Finance Forum was hosted.

- The government, financial industry, civil society and consumer advocacy should work together to protect and empower consumers in the digital finance marketplace.
- The number of fintech platforms is increasing rapidly. So, regulation is needed to protect consumers while taking advantage of the technology in the finance sector.
- Approximately one billion women worldwide do not have access to traditional financial services. So, necessary steps should be taken to improve financial inclusion.
- Mobile money platforms are increasing at a rapid rate and are helping in achieving financial inclusion due to the increasing use of smartphones. So, there is a need to empower consumers to protect themselves and to take advantage of mobile money platforms to further improve financial inclusion.

- As digital lending is increasing at a fast pace, strict laws should be implemented to protect consumers from unlawful practices such as micro-loan scams. Moreover, the possibility of providing debt relief to vulnerable people such as people who are below the poverty line should be considered.
- The usage of Buy Now Pay Later (BNPL) products is increasing at a rapid rate. This is also resulting in the vulnerability of consumers. So, BNPL products and services should be regulated to prevent consumers from falling into a debt trap.

Benefits of digital finance:

- Greater financial inclusion to the remote parts of the country.
- Easy to use and very efficient.
- It is convenient as it eliminates the need to visit the bank and wait in queues for a fund transfer.
- Every transaction is updated in real-time.
- Eco-friendly, reduce manual paperwork and documentation.
- 24x7 availability.
- Easy accessibility through a Smartphone.

What are the challenges:

- Low digital literacy and financial awareness in public.
- Inadequacy of laws and policies guiding every aspect of digital finance.
- Frequent data breaches, resulting in the loss of sensitive information about the consumer.
- Financial scams are increasing worldwide.

Steps taken by the Indian government:

- Consumer protection act, 2019 for easy settlement of consumer disputes.
- e-Daakhil portal for hassle-free, speedy and affordable filing of consumer complaints.
- Consumer Protection (E-Commerce) rules, 2022 to prevent unfair trade practices.
- Central Consumer Protection Authority (CCPA), is a regulatory authority set up to protect consumer rights.

Way forward:

- Periodic upgrading of the current digital literacy programmes is needed.
- Strict policies for data privacy and protection should be implemented.
- Policies that closely monitor banking and fintech companies to stop unauthorised access to customer bank information and policies aimed towards different types of online fraud are needed.
- Preventative measures to strengthen cyber security are the need of the hour.

Conclusion:

The increasing use of digital services provides new opportunities for increasing financial inclusion, smooth operation of businesses and reducing the inconvenience of using physical money. At the same time, customers are increasingly exposed to financial scams, phishing and data theft etc. So, there should be widespread awareness programs to increase digital financial literacy and promote consumer rights. Moreover, strict laws should be implemented to protect consumers from financial scams.

Your turn...

What are your thoughts on this topic? Express your point of view through the comment section below. And subscribe to our blog to read answers to the trending GD topics.

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References:

- [Impact of digital finance on financial inclusion and stability](#)
 - [World Consumer Rights Day 2022](#)
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