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"Making the virtual virtuous - towards a new approach to e-Consumers"

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

European Consumer Centre

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In today's world, our experience as consumers significantly shapes our identity as citizens. From recent food safety problems to our growing awareness about potential changes in our everyday environment, today's decision-makers are increasingly called on to map out new public policy directions for tomorrow's world.

But today, we are already aware that the economic landscape of tomorrow's Europe will be fundamentally re-shaped by the aftershock of electronic technology. With the Internet revolution, we are on the verge of the most fundamental transformation since Henry Ford put society on wheels. The language of e-commerce, e-tailing, and e-business signals that we are all moving into a hyphenated e-economy.

For consumers this will radically change the nature of transactions. In this cybereconomy, without the traditional reassurance of bricks and mortar, a new policy environment is needed to help overcome the barriers to consumer confidence. And for many businesses consumer confidence is the holy grail. If we are to succeed in bringing the European economy online – we need to act quickly to overcome the consumer confidence barrier.

In the right policy environment, a dynamic service-oriented business culture will win over consumers, increase internet transactions and generate growth. And Europe's e-economy could log on to a new era of prosperity.

In the new e-economy, as the US demonstrates, quality and service make and break new markets. As the Commission's recent e-Europe Communication underlines, the shift to a more service-driven business culture is fundamental to achieving our potential. To compete in this virtual globe, the consumer will have to come first. Otherwise we will continue to run a number of the following risks:

- that a Single *Online* Market will not develop properly, as consumers continue to buy on-line within their own Member State.
- that the business-consumer market will not fulfil its potential for EU-operators largely due to the failure to overcome the barriers in the minds of consumers.
- that instead of leading to a breakthrough for SME's, e-commerce remains limited to established brands and retailers.
- that without a Single *Online* Market, Europe will fail to develop a thriving and competitive e-commerce sector with global reach, similar to the US.

Currently consumers do not trust e-commerce as a transactional medium. This mistrust is an important barrier to the completion of the Single *Online* Market. It is due to the inherent nature of e-commerce, given:

- The consumer bears all the transaction risk because payment is made before receipt.
- The e-commerce site is less tangible than a "bricks and mortar" shop.
- The security risk of transmitting financial and personal details.
- Concerns over performance of the contract - the weakness of 'e-tailers' delivery operations in the US has recently been highlighted.
- Uncertainty about how to complain and seek redress.

Therefore, to accelerate e-commerce, a new European approach is needed that helps business and consumers to overcome the confidence barrier blocking the development of a Single *Online* Market. It should ensure that the overwhelming majority of on-line transactions will be trouble free. Member States and businesses should then be able to reassure consumers that, when problems arise, they can be resolved in a transparent, quick, effective and unexpensive way.

Against this background, as Commissioner responsible for Consumer Protection I believe that the time is right for the Commission to define a new approach to e-commerce and e-consumers. As a first step, I believe that such a new approach could gravitate around three core-elements:

- **Best business practice**

Encouraging a market environment that rewards best business practice, thereby ensuring that most transactions are trouble-free, for example stimulating the development of trustmarks on the web, and mobilising financial services to provide creditcard chargebacks facilities ;

- **Settling out of Court:**

Promoting easy to use out of court settlement procedures. Development of a range of alternative dispute resolution (ADR) mechanisms and linking up a network of existing EU national ADR schemes through the European Extra-Judicial Network (EEJ-Net). Linking up existing ADR schemes is a first step in the development of a comprehensive redress system. Disputes can be resolved by the ADR in the country of origin of the business, but consumers have the reassurance of knowing that they can access this body from their own Member State, via the network. Urgent attention is needed to encourage appropriate on-line solutions such as cybertribunals.

- **Court as last resort:**

Ensure a legal safety net and guarantee access to justice (Tampere Conclusions) by adopting the 'Brussels' Regulation. So that, when all else fails, consumers could seek redress through the courts in their own Member State.

This approach minimises the regulatory burden on business and encourages the evolution of a service driven Single *Online* Market benefiting consumers and business alike. This is also a balanced approach:

Businesses which sign up to ADR systems and other best business practices will be free to exploit the potential of the *Online* Market as they can offer potential customers Europe-wide dispute resolution whilst only having to joining an ADR in their country of origin. (The Commission could use the time until the entry into force of the Regulation to provide incentives for business and Member States to develop ADR systems and other measures.)

Consumers are encouraged to shop on-line cross-border, reassured by better service and the 'Brussels' Regulation.

Finally, at a global level, when shared interest exists, the Commission should work closely with the US to set up the rules of the game for the emerging e-commerce marketplace. European business can then build on its strength to develop a competitive service culture and to generate growth in the global new economy.

And to prepare the ground for this new e-Consumer's approach I would call on decision-makers, business, consumer organisations and other stakeholders to give me their views on the way forward in the months ahead.

In this way we can quickly get our consumers to buy into the electronic revolution with proper incentives and adequate safeguards. We need to work together to make a virtue of the virtual. With tangible benefits for our citizens and businesses alike.