


**POLISH FINANCIAL
OMBUDSMAN**
1ST INTERNATIONAL CONFERENCE
**FINANCIAL MARKETS AND
CONSUMER PROTECTION**
November 26th, 2020

**Conference Session:
Consumer at the Financial market**


**Scientific – research paper:
„MANAGING SUSTAINABLE
FINANCIAL AWARENESS AND
INCLUSION OF CONSUMERS AT
FINANCIAL MARKETS”**

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While identifying most effective and efficient approach to managing various character of consumer interest, it is of fundamental importance to clear up between the following **general consumer managerial approaches:**

- **Universal beneficiaries approach** – related to identifying and further detailing universal consumer rights and further transfer them into manifestations of business and institutional behavior, on one hand, as well as,
- **Particular beneficiaries approach** – principally linked to certain, specific nature of industry/sector, in at least 2 out of 3 prevailing sustainability pillars: i.e. economic, environmental and social one.



The prior focus of this scientific research paper analyzes is focused on methodologically-empirically solving of the following **research questions:**


- 1. Which are the essential determinants of modelling the financial inclusion and awareness through diversity, in the light of profound increase of the consumer rights and responsibilities at financial markets?, and,*
- 2. To which extent sustainable consumer behavior would increase the potential for a more successful consumer protection at financial markets?*

FINANCIAL INCLUSION

The fundamental determination of **contemporary financial inclusion** is related to its categorization on the following way (Damodaran, 2013):


“Financial inclusion is a long term strategy, but to achieve its objectives we need to keep in mind what are the *key areas it should address*:

- *It should provide access to basic financial services like banking etc.,*
- *the usage of financial services should address needs of the poor,*
- *the financial product should be affordable,*
- *quality of product and services must be enhanced.*



Recent development has shown that **technology plays an important role in improving financial inclusion** because of the following *reasons for increasing the utility of the financial product, as key concept benefits:*


- *helps to reduce cost of the product,*
- *reduces transaction costs,*
- *improves quality of the product,*
- *helps in increasing choices and flexibility to customer.”*



Principally taken, *the most applicable determination of financial inclusion* is related to **the World Bank identification** (2019) “*Financial inclusion, or broad access to financial services, is defined as an absence of price or non-price barriers in the use of financial services*”.

While managing consistent national modality of financial inclusion, it is recommendable to emphasize its **developmental features critical for its managing:**

- *long term influencing potential – predominantly in mutual trust and respect,*
- *involves major stake-holder influencers to the stability of the financial markets, i.e. government, regulating authorities, administrative/business organizations, as well as beneficiaries (individuals or institutions) – aimed at harmonizing the model of “information sharing”, as well as,*
- *Inter-changing the prevalent business model in financial institutions – due to contemporary tendencies for public-private financial partnerships, Fin-Tech, Crowd-funding etc.*



In managerial attempts for creation the most efficient methods for enhancing the customer position, especially important in times of Covid-19 crises, following **international customer-focused initiatives** possess particular importance, such as:

1. *10 Year Framework of Programs on Sustainable Consumption and Production Patterns, known as the One Planet network*, developed by United Nations,
2. *Sustainable Consumption Initiative: Facts & Trends*, created by the World Business Council for Sustainable Development,
3. *Global Financial Inclusion and Customer Protection Survey*, jointly developed by the World Bank Group & State Secretariat for Economic Affairs (SECO) of the Swiss Confederation.




In profound managerial attempt to *inter-connect the concept of financial inclusion with the continuous customer protection trend*, following **customer change determinants** (Johnson, 2019) pay remarkable importance, i.e.:

- *Rate of population increase accompanied by national economic growth (prior to Covid-19 time), indicating **increase of the customer market position**, through:*
 - *“in little more than three and a half decades, the proportion of people across the globe living in extreme poverty decreased by 80 percent, whereas,*
 - *2 centuries ago the average world income (up to 2019) was about \$3 a day in today’s money. It’s now \$33 a day. And the average American worker today earns about \$130 a day”.*


□ *Clear distinction of managerial approaches to customer protection, aimed at **enabling differentiating approach for solving of various customer challenges** (Zywicki, 2016), such as:*

- *“**The first** is requiring disclosures by businesses that inform consumers about their products and services,*
- ***The second approach** to consumer protection is combatting unlawful acts or practices by market participants, including and especially those that are deceptive or discriminatory, and,*
- ***The third approach** to consumer protection is product restriction or design, which restricts the prices, terms, and products that consumers can choose, as market-replacing approach”.*



Nowadays, *by increased, technologically-driven business changes, as well as causality of local/national growth to the sustainable implications of the effected economic growth*, it is crucial for all national customer protective authorities to focus on the following **prospective, customer changing imperatives** (Leurent, 2020):

- *“Accessible information, as new, focused approach, is one of the most basic ways to support consumers in their everyday purchase decisions and create positive change,*
- *Labelling and consumer communication are just a few of the innovative and ambitious suite of approaches and interventions needed”.*




In order to unify above detailed customer changing imperatives, an **integral understanding of sustainable consumption (SC)** would need to integrate the following *constitutive SC segments* (Sustainable Consumption: Facts & Trends, 2008):

- **“Global Drivers of Consumption, consisting of:**
 - *Rapid global population growth - by 2020 world population is expected to reach 9 billion, whereas World GDP is projected to grow by 325% between 2007 and 2050,*
 - *The rise in global affluence and associated consumption – Global middle class expected to triple by 2030, low-income consumers represent a market of US\$ 5 trillion,*
 - *A culture of “consumerism” among higher income groups.*

- **Global Consumption Patterns and Impact** - *Natural resource consumption is expected to rise to 170% of the Earth’s bio-capacity by 2040,*

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- **The Role of the Customer** – Consumers are increasingly concerned about environmental, social and economic issues, hence, *does not always translate into sustainable consumer behavior,*
 - **The Role of Business** - *Business approaches to sustainable consumption can be grouped into three broad categories: Innovation, Choice Influencing, and, Choice Editing,*
 - **The challenge ahead & options for change** - *Business need a further dialogue with key stakeholders, such as consumers, retailers, marketers, policy-makers, NGOs) and between businesses to define sustainable products and lifestyles and to formulate actionable responses.*



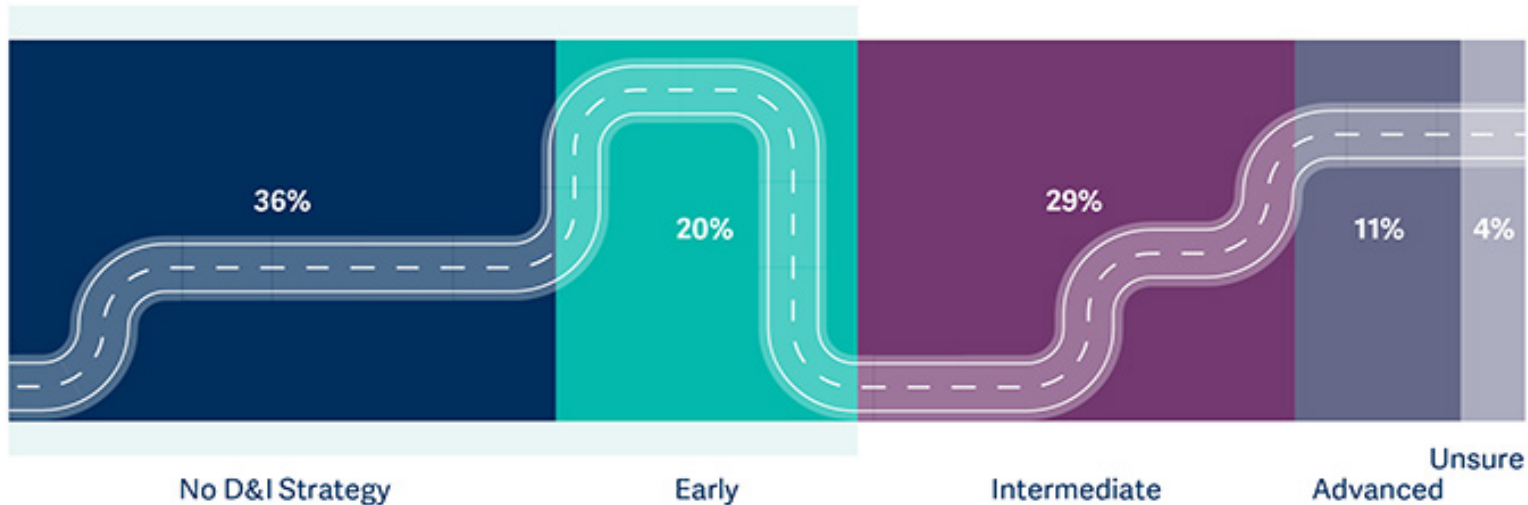
Very after clearing up the content of the SC, managers and all decision makers have to pay significant attention to **precise relationship between customer diversity & inclusion (D&I)**, (Accenture, 2019) on the following way:

1. *“Millennials now represent 30 percent of the population and are the most diverse generation in US history,*
2. *Customer attitudes are shifting as well: 65% of shoppers want retailers to be a part of the dialogue around social issues, something brands have avoided in the past”.*

D&I STRATEGY: CONSUMER COMPANIES ARE IN THE EARLY STAGES, IF AT ALL

MORE THAN HALF OF CONSUMER ORGANIZATIONS WERE IN THE EARLY STAGES OF D&I STRATEGY OR HAD NO STRATEGY AT ALL.

Which of the following best describes the maturity of your organization's D&I strategy/journey?



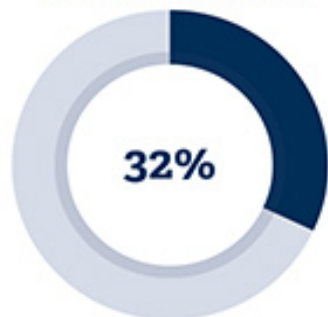
Source: Russell Reynolds Associates, D&I Pulse, 2019, n = 839, Consumer n = 170

LACK OF LEADERSHIP COMMITMENT TO D&I IN CONSUMER

Leaders in my Organization



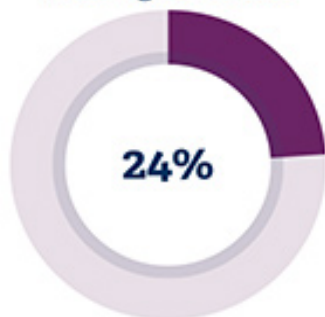
Make a Visible
Commitment to D&I



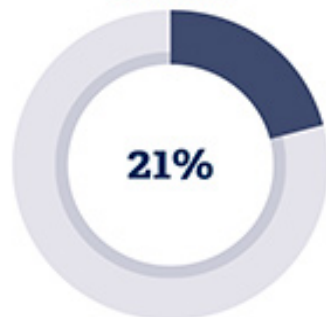
Communicate the
Importance of the D&I Goals



Hold Themselves and
Others Accountable to
Meeting D&I Goals



Set and Communicate
D&I Goals

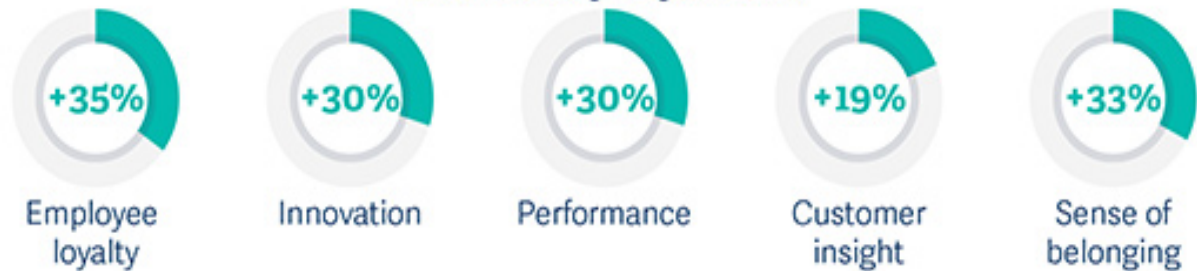


Other Agree


Source: Russell Reynolds Associates, D&I Pulse, 2019, n = 839, Consumer n = 165

ADVANCED D&I ORGANIZATIONS EXPERIENCE BETTER BUSINESS OUTCOMES THAN OTHER ORGANIZATIONS

Difference in business outcomes for advanced D&I organizations vs. the average organization



Source: Wieduwilt et. al., 2020



It is evident that possessing diversity, not only at employees, but especially at managerial teams, leads to **increased overall business and institutional performances**, through:

- *Enhanced concepts of ‘employee engagement’ and ‘visible commitment’,*
- *Increasing the mutual causality of customer inclusion and diversity, analyzed in terms of influence of overall customer awareness to sustainable consumption, as well as,*
- *Strengthening the consumer voice through advanced modalities of consumer inclusion at financial sector.*

Finally, **advanced modalities of customer inclusion** are focused at following modalities (WBG & SECO, 2017):

- **Enhancing national regulation to E-money** – in North Macedonia is expected start of first E-money starting from January, 2021,
- **Detailed Product Regulation** – especially in terms of quality characteristics and labeling standards,
- **Simplified Customer Due Diligence** – particularly at harmonizing the customer rights and obligations within publicly announced information.

In order to increase the applicative potential of above inclusion modalities, it is recommendable permanently to have in mind the **key customer protection management approaches** (WBG & SECO, 2017), identified as:

- **Integrating National Customer Regulatory Framework** – aimed at *detailed procedures for protecting various modalities of customer rights*,
- **Enacting Transparency and Disclosure Concepts** – *increasing the information basis for unethical and illegal management practices*,
- **Fair Treatment and Business Conduct** – introducing a *‘responsible ethical behavior towards customers’*, aimed at full application of *Ethical Business Conduct for employees*.

Thanks!

for Your attention

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