

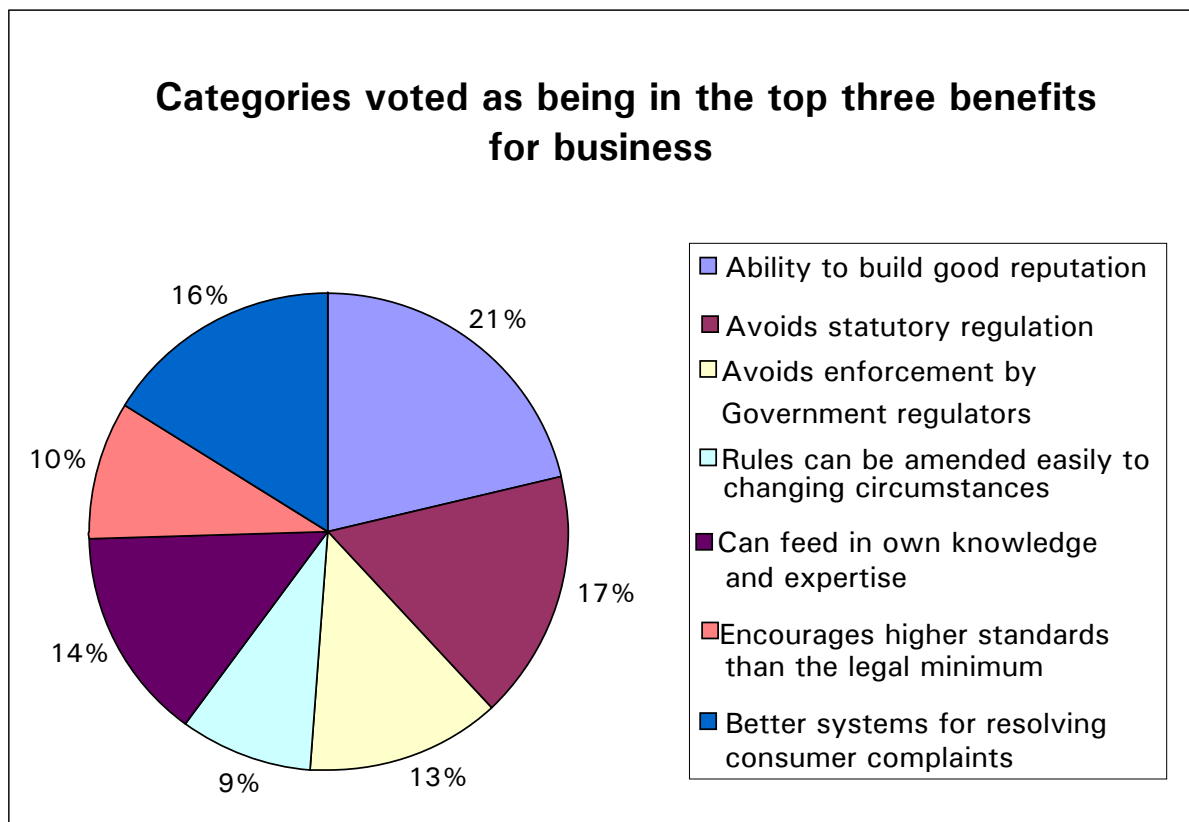
## Business Leadership in Consumer Protection

OFT Conference on self-regulation – 18 March 2009

### Summary of group discussion exercise

**Question 1: Which of the following would you rank as the top three benefits for business of self regulation? – Results ranked 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup>.**

- There was a good overall spread, implying a good mix of benefits for businesses
- In terms of overall votes 'Ability to build good reputation' rated highest with 21% but 'Avoids statutory regulation' and 'Better systems for resolving consumer complaints' were close behind
- When we look only at those benefits ranked in first place, reputational benefit received almost double the votes of any other category and underlines the importance of this in self regulatory solutions
- In terms of first place rankings we also see that both 'Avoids statutory regulation' and 'Encourages higher standards than the legal minimum' received a significant proportion of votes.

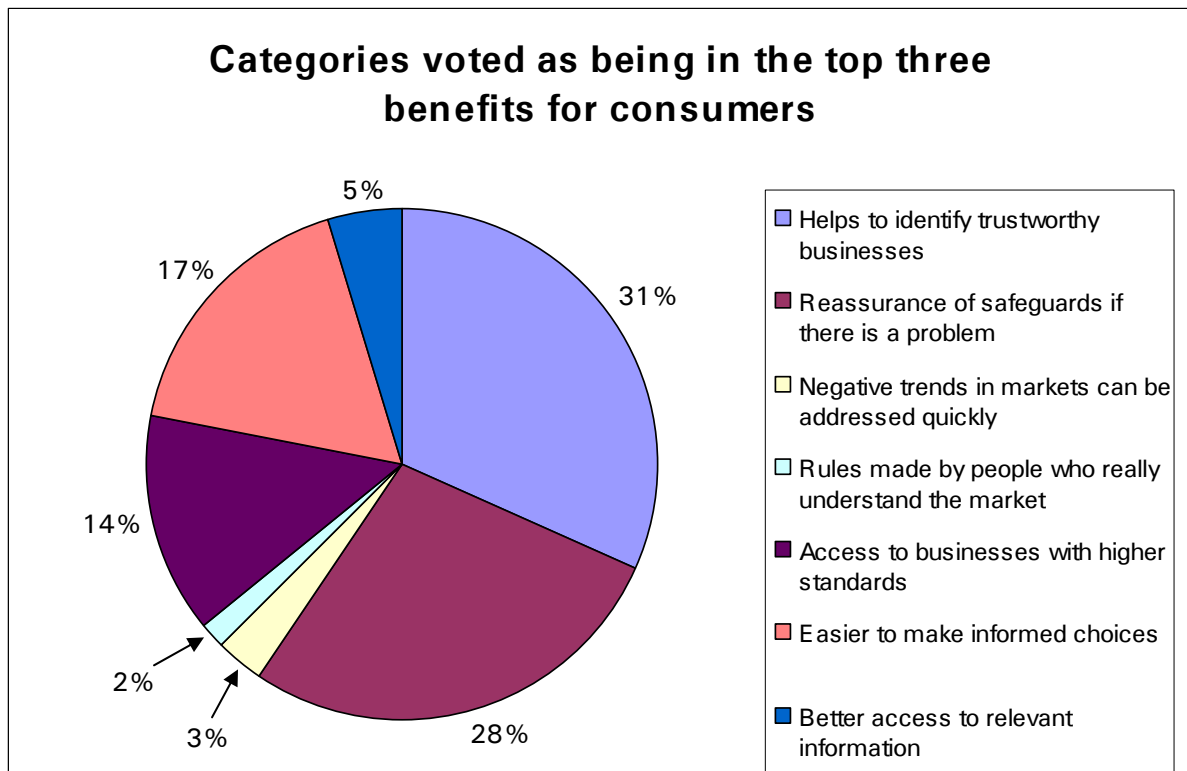


Note: If printed in black and white categories listed on the right start a 12 o'clock and move clockwise around the pie chart.

	<b>Total number of votes</b>	% who put this in first place	% who put this in second place	% who put this in third place
Ability to build good reputation	<b>36</b>	37	11	16
Avoids statutory regulation	<b>28</b>	20	21	9
Avoids enforcement by Government regulators	<b>22</b>	20	12	7
Rules can be amended easily to changing circumstances	<b>15</b>	2	7	18
Can feed in own knowledge and expertise	<b>24</b>	2	19	21
Encourages higher standards than the legal minimum	<b>16</b>	12	7	9
Better systems for resolving consumer complaints	<b>27</b>	7	23	18

**Question 2: Which of the following would you rank as the top three benefits for consumers of self regulation? – results ranked 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup>.**

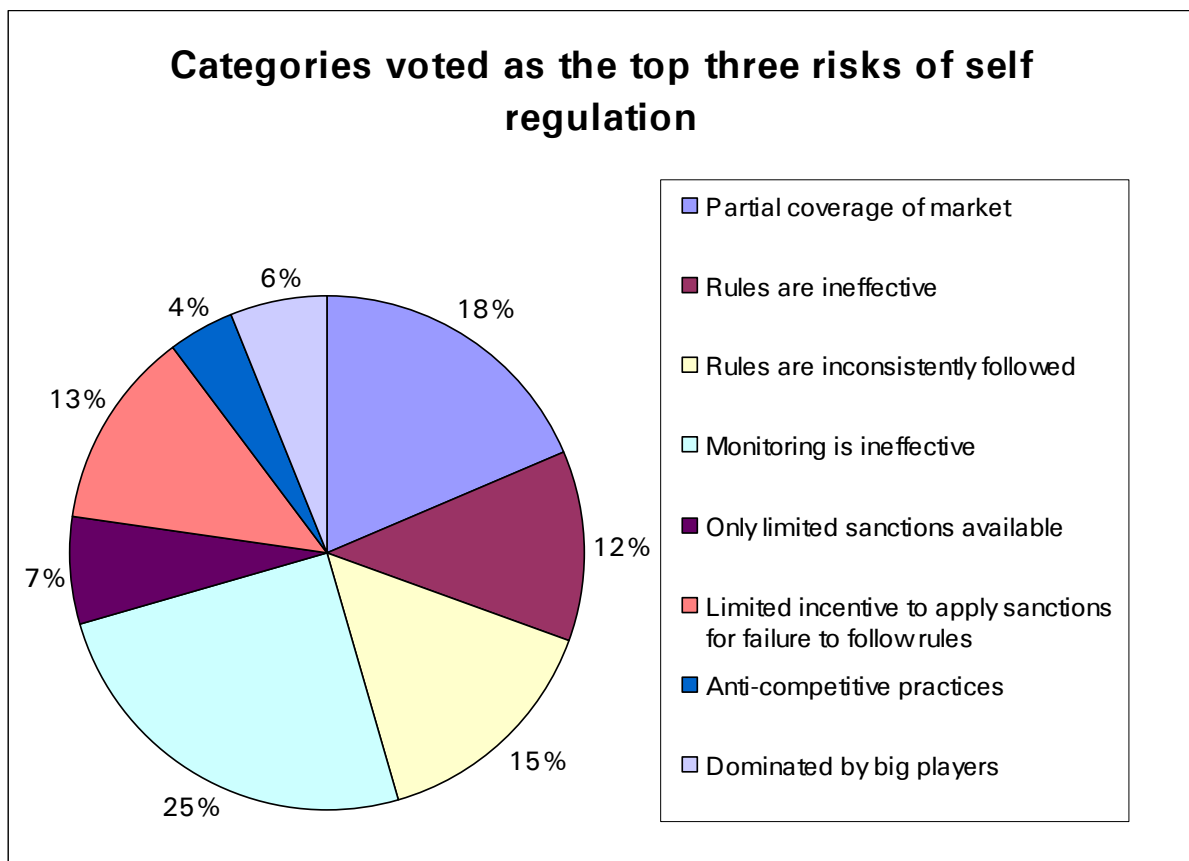
- There were two clear leaders – ‘Helps to identify trustworthy businesses’ was closely followed by ‘Reassurance of safeguards if there is a problem’
- If we only consider the benefits ranked first, then the identification of trustworthy businesses is an even clearer leader overall and gets three times more votes than any other category.
- Also recognised as one of the top benefits by delegates were ‘Easier to make informed choices’ and ‘Access to businesses with higher standards’.



	<b>Total number of votes</b>	% who put this in first place	% who put this in second place	% who put this in third place
Helps to identify trustworthy businesses	<b>53</b>	60	18	15
Reassurance of safeguards if there is a problem	<b>47</b>	19	51	13
Negative trends in markets can be addressed quickly	<b>5</b>	0	3	6
Rules made by people who really understand the market	<b>3</b>	3	0	2
Access to businesses with higher standards	<b>23</b>	7	12	23
Easier to make informed choices	<b>29</b>	7	16	30
Better access to relevant information	<b>8</b>	4	0	11

**Question 3: Which of the following would you rank as the top three risks of self regulation? – results ranked 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup>.**

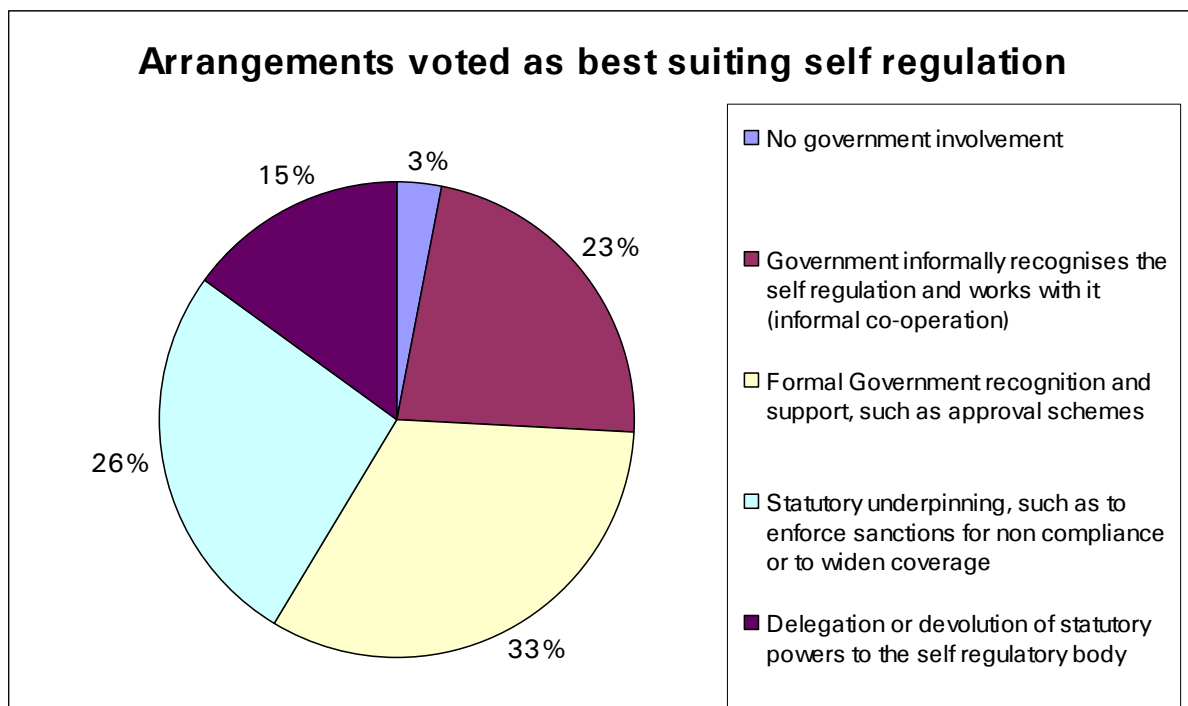
- The risk which received the most votes overall was 'Monitoring is ineffective' with a quarter of delegates identifying this as a key risk with 'Partial coverage of market' coming in second
- 'Rules are ineffective', 'rules are inconsistently followed' and the 'limited incentive to apply sanctions' all received a significant number of votes
- The risk of 'anti-competitive practices' was seen as the lowest risk of self regulation
- A number of delegates did however highlight that specific risks will vary depending on the circumstances of individual schemes



	<b>Total number of votes</b>	% who put this in first place	% who put this in second place	% who put this in third place
Partial coverage of market	<b>31</b>	30	18	7
Rules are ineffective	<b>20</b>	12	14	9
Rules are inconsistently followed	<b>25</b>	12	16	17
Monitoring is ineffective	<b>42</b>	33	18	24
Only limited sanctions available	<b>11</b>	2	11	8
Limited incentive to apply sanctions for failure to follow rules	<b>21</b>	2	14	22
Anti-competitive practices	<b>7</b>	2	4	7
Dominated by big players	<b>10</b>	7	5	6

**Question 4: In your opinion, in which of the following arrangements does self regulation work best? – results ranked 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup>.**

- 'Formal government recognition and support' came first with 33% of total votes, closely followed by 'statutory underpinning'.
- There was little support for 'no government involvement'.
- On this question, many delegates did not pick all three options (1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup>) when making their choices, although many pointed out that 'it very much depends on the industry'



	<b>Total number of votes</b>	% who put this in first place	% who put this in second place	% who put this in third place
No government involvement	<b>5</b>	7	0	3
Government informally recognises the self regulation and works with it (informal co-operation)	<b>36</b>	14	19	37
Formal Government recognition and support, such as approval schemes	<b>52</b>	37	40	20
Statutory underpinning, such as to enforce sanctions for non compliance or to widen coverage	<b>42</b>	30	28	20
Delegation or devolution of statutory powers to the self regulatory body	<b>24</b>	12	13	20

**Question 5: What is the most important message you would like OFT to take away from today?**

There was, as expected, a wide range of answers here but a selection of the responses is below:

- A number of delegates said that it's important to use self regulation appropriately and in the right circumstances.
- There was a response that regretted the move towards state regulation and the move away from self regulation.
- There were several responses that talked about doing more to help consumers recognise self regulatory schemes and in particular saying that Consumer Direct should direct consumers to the self regulatory bodies for resolution of problems.
- There was a view that self regulation should not happen at the expense of consumer empowerment and shouldn't pull in the opposite direction of helping consumers understand and know how to use their rights themselves.
- Several responses talked about looking at self regulation from the ground up, looking at the actual detriment to be addressed rather than just in theory.
- There was a response that stressed the need to work with businesses to address priorities that are important to business and consumers.
- A number of answers talked about the need for flexibility and the fact that there is no "one size fits all" solution.
- There were also references to CCAS, both in terms of ensuring a growth in awareness through promotion and whether the process of obtaining approval could be improved
- Finally, the most common response which came up in various versions talked about the need for enforcement as a backstop. For example: 'Self regulation is made more effective by visible, formal enforcement'