



The Introduction of the Euro and Consumer Protection: The Maltese Case-study

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Introduction

Euro conversion – main concern:
Inflation
Price abuse



Introduction

- o Citizen/Consumer centric
- o Citizen/consumer focused



Malta and the euro

It makes economic sense to be a member of the euro area



Malta

- o Population: 413,609
- o Land Area: 316 sq km
- o Trade with Europe
- o Financial services, export oriented manufacturing, tourism, transshipment



Impact of the euro



Euro barometer results showed that 66% of the Maltese respondents believed that a common currency was a good thing when compared to 60% registered in the EU27.

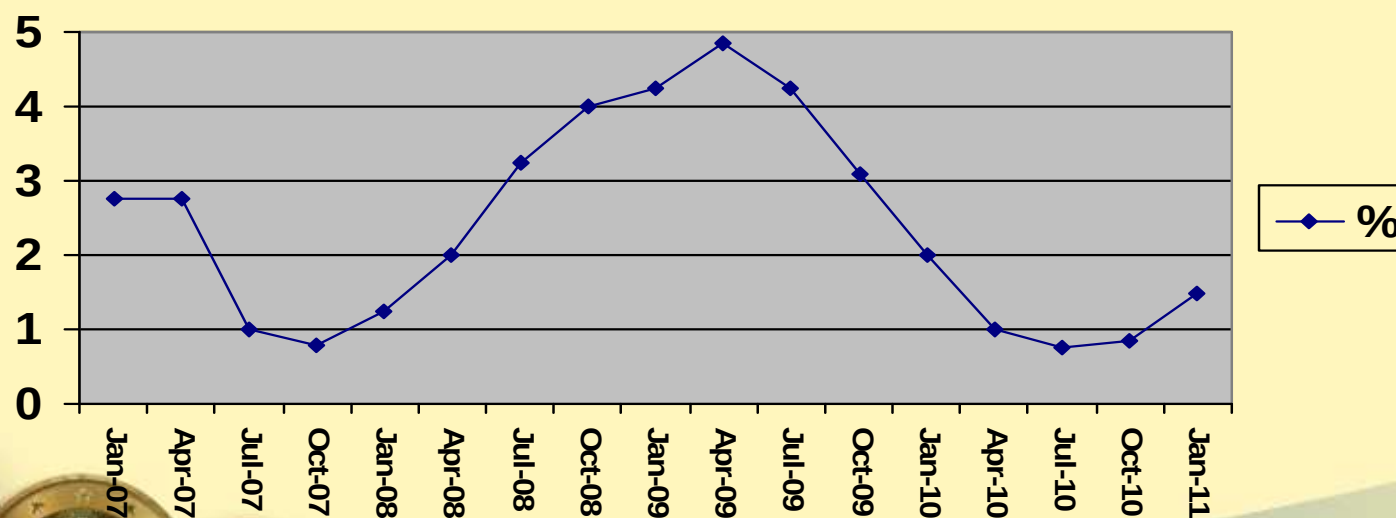
(Survey Autumn 2009)



Pre and post euro inflation

○ Inflation trajectory:

**Chart 1. Inflation Rate quarter-yearly
moving average rate**



Preparations with consumer in mind

- The role, structure and composition of the NECC
- Wide participation – arms length approach
- Participation of unions, consumers association, retailers, SMEs, government departments
- Special focus on vulnerable groups



Three major drivers

- **Leadership** – effective, efficient, results oriented
- **Strategic planning** and project management with continuous feedback and controls
- **Communication** - very focused, persistent and flexible



Communication coupled with Twinning with Austria/France

- Learn from others' experience
- Strong attention to Communication and Education from the very beginning
- Twinning programmes with Austria and France on issues related to consumer protection and price inflation



The Three Pillar Approach

- o Empower Consumers – communicate and educate
- o Compel Business – FAIR campaign
- o Mean it! – enforce and legislate



The pro consumer initiatives

- o National Consultation process to choose the design on the Coins in January 2006 – two years in advance
- o FAIR initiative campaign
- o Dual display of prices (voluntary and later compulsory)
- o “smoothing downwards” and not “rounding”
- o Price Stability Agreements - Agreement with major importers/wholesalers not to increase prices for a period of six months
- o Euro Help Line 154 – complaints, alleged abuses – 10,600 calls by the end of June 2008.



FAIR – Fair-pricing Agreements in Retailing

- FAIR – Trust Mark
- Seeks to ensure fairness and transparency in the pricing of goods and services i.e. No justification for increasing prices due to a currency changeover.

- Organisations will be:

Guaranteed nationwide publicity and given free training, support and material
Recognised via FAIR trust mark which will be given when the applicant organisation meets the acceptance criteria of the initiative, that is:

Committed to a fair pricing strategy, commits to train staff, commits to advertise FAIR participation

Administered and supervised by the Euro Observatory



The Euro Observatory -Price Watch

o The Euro Observatory:

Institution monitoring prices and investigating price increases for the sole reason of currency changeover

Monitored price shifts for a basket of regularly purchased items and services with support of major union – “mystery shopping” on 200 frequently purchased products and services.

Price Watch – prices gathered by 70nmEuro assistants visiting outlets

Analysed by Government economists

Unjustified price increases will be fined BUT burden of proof shifted on business

Regular surveys to monitor perception



The pro consumer initiatives

- Influence of children at home
- Volunteers – in parishes and local councils to inform the aged and other vulnerable groups



Targeted Communications Outreach

- o Daily advertising
- o Daily attendance on radio/TV talk shows
- o Daily information sessions with different sectors
- o Website



Enforcement

- Implementation of monitoring and enforcement mechanisms to ensure price stability during the euro changeover – establishment of enforcement framework (warning process, with eventual administrative fines).



Enforcement

- Legislation and enforcement structures – The Euro Adoption Act 2006 and legal notices.
- FAIR commitments – legal status to FAIR initiative through Legal Notice 4 of 2007 that makes it a criminal offence that of increasing prices for the sole reason of currency change



Conclusion

o Malta a best-practice model for future Eurozone members. Successful thanks to following elements:

- Unity of Command – Single Leader/Single Voice
- Highly participative
- Empathy and sensitivity towards consumer
- Positive attitude and based on self- responsibility
- Project management
- Heavy focus on Communication and technical preparation
- Continuous monitoring and feedback



Thank you!



NATIONAL EURO
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