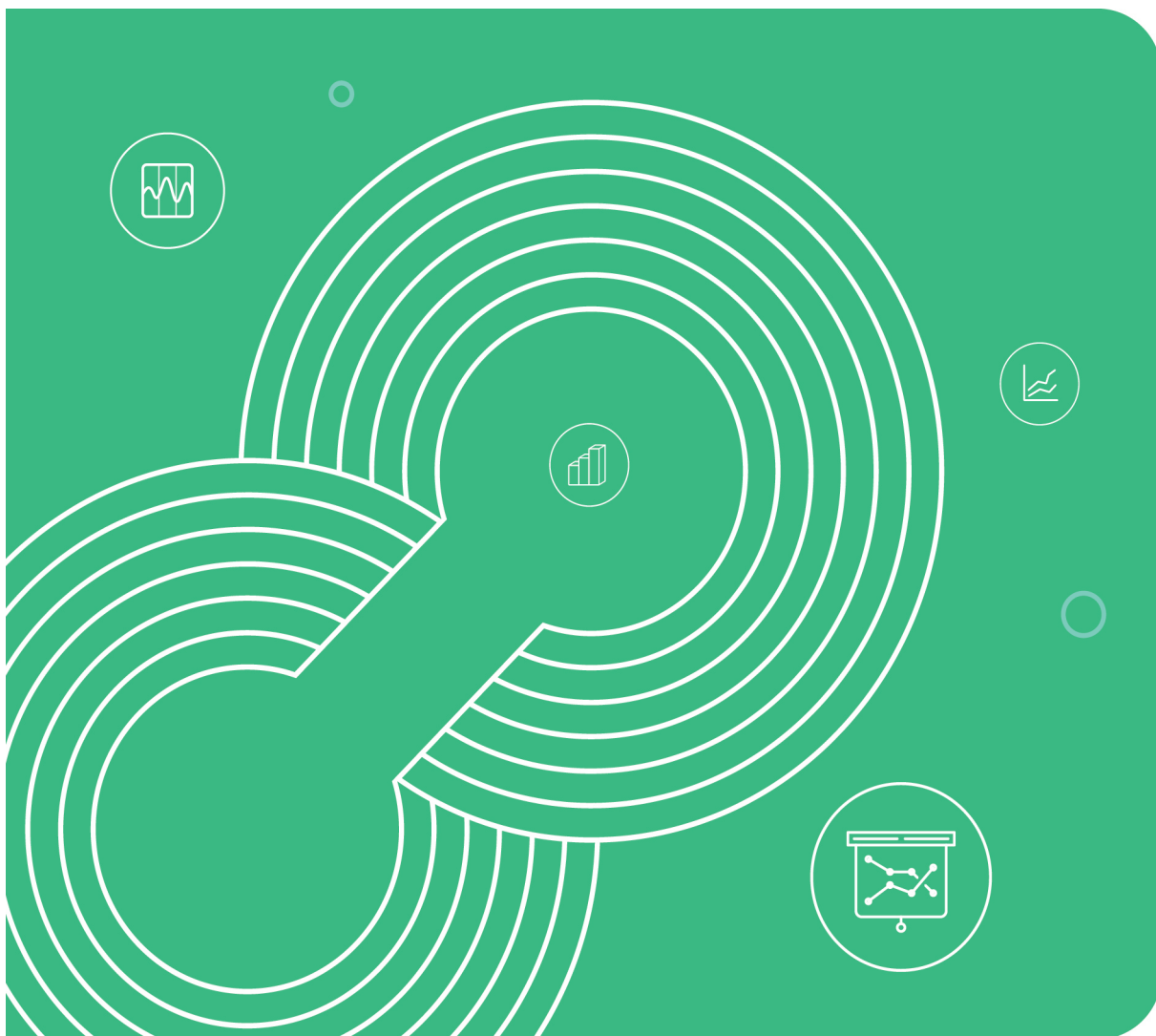


Executive Summary

2018 Consumer Empowerment Index



Korea Consumer Agency

Executive Summary

I . Overview of 2018 Consumer Empowerment Index

- (Purpose of the study) The purpose of this study is to measure and assess the competency level of adult consumers in Korea, to evaluate the effectiveness of consumer policy enforcement, and to utilize it as a baseline data for establishing the evidence-based policy direction of consumer education and information provision.
- Korea Consumer Agency measured the adult consumers' competency level every four years since 2010, which conducted the initial survey of Consumer Empowerment Index(CEI).
- This study is intended to improve the policy utilization of the Consumer Empowerment Index(CEI) by improving existing measurement items, constructs, and weighting methods
- (Definition of consumer competency) Consumer competency is defined as 'the total amount of consumer ability that must be provided to effectively perform its role as a consumer'. CEI consist of three main pillars(constructs), such as financial competency, transactional competency, consumer citizenship competency, and seven sub-pillars acknowledging the multifaceted concept of consumer competency(as shown in <Table 1>).
- The weights of the main pillars and sub-pillars were applied through the expert survey results using analytic hierarchy process(AHP) (as shown in <Table 2>)

〈Table 1〉 Framework of the 2018 Consumer Empowerment Index(CEI)

(unit: number of questions)

Contents Factors			Composition Factors			Sub total	Total
Main pillar	Sub-pillar		Knowledge	Attitude	behavior		
Consumer Empowerment Index	Financial competency	Financial planning	4	4	4	12	24
		Financial management	4	4	4	12	
	Transactional competency	Information usage	3	3	3	9	27
		Purchase decision making	4	4	4	12	
		Product usage and Dispute resolution	2	2	2	6	
	Consumer citizenship competency	Consumer rights	4	4	4	12	21
		Consumer liabilities	3	3	3	9	

〈Table 2〉 Weights of the 2018 Consumer Empowerment Index

Main pillar	Weights(W2)	Sub-pillar	Weights(W1)
Financial competency	0.277	Financial planning	0.385
		Financial management	0.615
Transactional competency	0.434	Information usage	0.386
		Purchase decision making	0.377
		Product usage and Dispute resolution	0.237
Consumer citizenship competency	0.289	Consumer rights	0.461
		Consumer liabilities	0.539

〈Table 3〉 Outline of the survey for 2018 Consumer Empowerment Index

Category	Description
Population	■ Adults above the age of 20 living in Korea
Sample size	■ 2,000 respondents
Sampling methods	■ Quota sampling(based on gender, age, and region proportional to the population)
Data collection period	■ July 9, 2018 ~ August 8, 2018
Data collection method	■ 1:1 offline interview
Sampling error	■ 95% confidence level, $\pm 2.19\%$ of sampling error

II. Major Findings

- 2018 Consumer Empowerment Index(CEI) averaged 65.5 points out of 100 points, up 1.5 points from the second survey of CEI in 2014.
- With respect to the main pillars, financial competency(65.7 points) and transactional competency(66.0 points) are on a rising(each pillars up 2.7 points) compared to the second survey in 2014, while consumer citizenship competency is 64.4 points, which is 1.4 points lower than the second survey in 2014.

〈Table 3〉 Longitudinal comparison of CEI by main pillars

(Unit: scores)

Category	2010	2014(A)	2018(B)	Difference (B-A)
Consumer Empowerment Index	61.5	64.0	65.5	+1.5
Financial competency	59.1	63.0	65.7	+2.7
Transactional competency	62.1	63.3	66.0	+2.7
Consumer citizenship competency	63.1	65.8	64.4	-1.4

- Compared with the second survey in 2014, all sub-pillars of CEI improved evenly, except for the sub-pillar of consumer rights decreased by 3.3 points.
 - Product usage & dispute resolution, and purchase decision making are relatively higher than other sub-pillars, while information usage, and consumer rights are the least competent areas. Therefore, the need to improve consumer competence in these sub-pillars has been derived.

〈Table 4〉 Longitudinal comparison of CEI by sub-pillars

(Unit: scores)

Category		2014(A)	2018(B)	Difference (B-A)
Financial competency	Financial planning	65.1	65.6	+0.5
	Financial management	61.9	65.8	+3.9
Transactional competency	Information usage	61.1	62.5	+1.4
	Purchase decision making	62.7	66.9	+4.2
	Product usage and Dispute resolution	67.0	70.1	+3.1
Consumer citizenship competency	Consumer rights	66.2	62.9	-3.3
	Consumer liabilities	64.8	65.7	+0.9

- The level of CEI in vulnerable consumer group, such as those over 60s, under 1.5 million won of monthly income, and under high school graduates, etc., was statistically significantly lower than other groups at the significance level of 5%.
 - The CEI of the age over 60s is 60.4 points, which is lower than the average of CEI by 5 points. Also, the transactional competency scores of the age over 60s is 58.5 points, which is significantly lower than the average.
 - In the 20s, the financial competency score was lowest in all age groups.
 - The higher the level of education, the higher the level of CEI, and the transactional competency scores of the under school graduate was 62.4 points.
- Comparing the CEI based on the experience of consumer education, CEI of those who experienced consumer education in the past three years is 75.4, which is higher than the group without consumer education experience. However, the small number of groups that experienced consumer education, the generalization of the results was limited.

- We can identified positive effect of consumer education on enhancing consumer competency.

〈Table 5〉 Comparisons of CEI based on Socio-economic variables

(unit: number of persons, scores)

		Frequency	CEI		Financial competency		Transactional competency		Consumer citizenship competency	
			Mean	t, F	Mean	t, F	Mean	t, F	Mean	t, F
Total		2,000	65.5		65.7		66.0		64.4	
Age	20s	321	66.1	56.233 ***	62.5	22.508 ***	69.2	90.429 ***	64.7	26.024 ***
	30s	345	68.4		67.8		69.8		66.7	
	40s	409	68.4		67.8		69.6		67.3	
	50s	406	66.0		67.5		65.9		64.6	
	Over 60s	519	60.4		63.4		58.5		60.4	
Education Level	Under high school graduate	918	62.9	40.923 ***	64.5	7.826 ***	62.4	57.225 ***	62.1	22.976 ***
	Some college education	336	67.5		66.7		69.0		65.9	
	University graduate	721	67.6		66.8		68.9		66.5	
	Graduate school and above	25	70.3		69.2		72.6		68.1	
Monthly income (Korean won)	Under 1.5M	106	59.6	28.810 ***	60.4	12.579 ***	59.2	33.210 ***	59.7	14.637 ***
	1.50M ~ below 3M	491	62.6		64.1		62.1		61.9	
	3M ~ below 4.5M	698	66.5		66.5		67.3		65.5	
	4.5M ~ below 6M	479	67.4		67.3		68.5		66.0	
	Over 6M	226	66.9		66.3		68.2		65.6	
Consumer Education	Inexperienced	1,970	65.3	5.586 ***	65.7	3.154 **	65.8	5.618 ***	64.3	4.982 ***
	Experienced	30	75.4		72.1		77.9		74.9	

*p<.05, **p<.01, ***p<.001

- The CEI showed a statistically significant difference at the significance level of 5% by the variables related to the consumer's living conditions.
- The higher the level of consumer satisfaction of consumption life and the higher the level of perceived confidence as a consumer, there was a tendency to increase in all areas of CEI.

〈Table 5〉 Comparisons of CEI by variables for consumers' living conditions

(Unit: number of person, scores)

		Frequency	CEI		Financial competency		Transactional competency		Consumer citizenship competency	
			Mean	F	Mean	F	Mean	F	Mean	F
Total		2,000	65.5		65.7		66.0		64.4	
Perceived financial status	Good	763	68.6	85.495 ***	69.0	72.530 ***	69.1	62.600 ***	67.3	50.696 ***
	Neutral	922	64.6		64.7		65.1		63.6	
	Bad	315	60.6		60.9		60.8		60.0	
Satisfaction for consumption life	Satisfied	758	68.8	106.731 ***	68.6	63.205 ***	69.6	89.173 ***	67.7	70.397 ***
	Neutral	1,009	64.5		65.0		64.9		63.3	
	Dissatisfied	233	59.0		59.9		58.7		58.5	
Awareness of our societies' citizenship	Good	852	68.1	85.546 ***	68.1	56.184 ***	68.9	66.177 ***	66.9	60.618 ***
	Neutral	931	64.5		65.1		64.7		63.7	
	Bad	217	59.1		59.7		59.7		57.7	
Perceived level of consumer confidence	High	1,052	67.8	106.063 ***	67.9	66.972 ***	68.6	95.151 ***	66.4	58.332 ***
	Neutral	846	63.9		64.1		64.2		63.1	
	Low	102	55.0		56.9		54.0		54.9	
Perceived level of consumer knowledge	High	899	68.5	138.418 ***	68.7	84.197 ***	69.2	111.942 ***	67.3	92.400 ***
	Neutral	917	64.2		64.3		64.7		63.4	
	Low	184	56.7		58.6		56.3		55.5	
Awareness of consumer protection legislation in our country	Protected	864	67.9	53.399 ***	68.1	40.942 ***	68.5	38.965 ***	66.8	36.384 ***
	Neutral	882	64.2		64.6		64.6		63.1	
	Unprotected	254	61.7		61.8		62.3		60.8	

*p<.05, **p<.01, ***p<.001

- ☐ Although all pillars of CEI's attitude scores are high, knowledge and behavior scores are relatively low. Therefore, it is necessary to design consumer information and education programs to strengthen consumers' knowledge and behavior competencies.
- ☐ In this study, we classified the consumer groups into competent consumer group and less competent consumer group, based on their level of the knowledge and behavior scores of CEI. Therefore, we classified target group for consumer policy as less competent consumer group like following: 20s, over 60s, under high school graduate, and under 1.5 million won for monthly income.

〈Table 6〉 Comparisons of target group for consumer policy

(Unit: number of person, %)

		High level of Knowledge · High level of behavior		Low level of knowledge · Hight level of behavior	
		Frequency	%	Frequency	%
Total		663	33.2%	552	27.6%
Age	20s	101	31.5%	94	29.3%
	30s	154	44.6%	63	18.3%
	40s	176	43.0%	77	18.8%
	50s	132	32.5%	93	22.9%
	Over 60s	100	19.3%	225	43.4%
Education Level	Under high school graduate	234	25.5%	320	34.9%
	Some college education	124	36.9%	79	23.5%
	University graduate	293	40.6%	148	20.5%
	Graduate school and above	12	48.0%	5	20.0%
Monthly income (Korean won)	Under 1.5M	16	15.1%	52	49.1%
	1.50M ~ below 3M	122	24.8%	183	37.3%
	3M ~ below 4.5M	251	36.0%	159	22.8%
	4.5M ~ below 6M	190	39.7%	102	21.3%
	Over 6M	84	37.2%	56	24.8%
Consumer Education	Inexperienced	641	32.5%	549	27.9%
	Experienced	22	73.3%	3	10.0%