



FTCNewsLine is an on-line quarterly newsletter of the **FAIR TRADING COMMISSION** that contains information on competition matters dealt with by the Fair Trading Commission as well as competition agencies from around the world. The aim is to provide insights into some of the matters that are prosecuted in other jurisdictions; and to assist persons in better identifying issues that may pose competition concerns.

Competition legislation is specific to each jurisdiction and activities that are prohibited in one jurisdiction are not necessarily prohibited in other jurisdictions. For information on the prohibitions under the Jamaica's competition legislation, the **FAIR COMPETITION ACT (FCA)**, please visit our website at www.jftc.gov.jm.

In this Issue we feature issues related to the period October 1, 2012 to December 31, 2012.

MARKET STUDY

Report on credit union sector

In November 2012, the FTC released its study on the credit union sector. The study sought to: (i) assess the degree of competition in the credit union sector; (ii) identify factors that restrict competition; and (iii) suggest ways in which competition could be enhanced for the benefit of consumers.

Credit unions are considered to be part of the financial sector by virtue of the similarities between the products they offer and those offered by banks and building societies. The study revealed that the credit union sector has three peculiar characteristics which serve to impede competition: (i) the common bonds requirement of credit unions unduly restrict credit unions from competing for customers which their rivals are already serving; (ii) the common bonds are sometimes so specific that it is often difficult for many individuals to be eligible for membership in more than five credit unions located in either the parish they live in or work in; and (iii) consumers of credit union services enjoy some benefits from excessively high prices by virtue of owning shares in the credit unions.

To enhance competition in the sector, the FTC recommended that: (i) the qualifications for membership in credit unions should be adjusted to allow more persons to become eligible to join any given credit union; and (ii) members of credit unions should be encouraged to play a more active role in the operations of their credit union through participation at Annual General Meetings.

Complaints investigated during 2012

Over the period January 1, 2012 to December 31, 2012, the FTC investigated a total of 395 cases. This comprises 138 cases that were unresolved at the end of the preceding year and 257 cases which were received during 2012. For the period, 219 cases were resolved. The telecommunications and the automobile sectors triggered the largest number of complaints during the period.

Of the 395 cases investigated, 300 were classified as matters concerning ‘misleading advertising’; 37 as offences against competition; 6 as request for opinion; 2 as tied selling; and 1 as double ticketing. Forty-nine complaints were considered as being outside the purview of the Fair Competition Act; and, where applicable, were forwarded to other agencies.

FTC Annual Magazine

The FTC will release the 17th edition of its annual magazine *Competition Matters* in January 2013. The theme *Competition Benefits Consumers*, highlights the benefits consumers reap from competitive markets. The articles touch on several industries including health and motor vehicle insurance, grocery and motor vehicle. The magazine also includes reports on significant activities of the FTC during 2012.

The magazine will be distributed to Government Ministries and Agencies, academic institutions, business enterprises and professionals, both local and overseas. It will also be made available at our website www.jftc.gov.jm.

NEWS FROM OTHER COMPETITION AGENCIES - Barbados

In December 2012, the Barbados Fair Trading Commission issued a report on the standard form contracts used by commercial banks. Prior to the report, the Commission conducted a Standard Form Contracts investigation under the authority of the Fair Trading Commission Act and the Consumer Protection Act. The investigation assessed the fairness of 1,291 terms used in contracts.

The assessment revealed that 56 terms were in breach of the Consumer Protection Act. The Commission has been working with the banks to ensure that these unfair contract terms are either amended or deleted. To date, three of the five banks have already made changes to comply with the Consumer Protection Act. The Commission has indicated that it will continue to work with those banks which have not yet complied to ensure full compliance.

Source: Barbados Fair Trading Commission News Release, December 11, 2012.