

## I. Ten Characteristics of Consumer Counseling in 1999

### 1. Consumer Counseling: Eighth year of consecutive increase . More than 80% of counseling related to consumer contracts , in1999

The number of counseling cases entered into accumulated in PIO-NET (Practical Living Information Online Network System), operated by the Japan Consumer Information Center, has increased in each of the past 8 years. The number exceeded 300,000 cases for ten months from January to the end of October 1999, marking an 8% increase in total counseling compared with the same period of the previous year. The largest increases in the number of counseling cases were related to financial and insurance services, as well as transportation and communication services.

Among the total counseling cases related to selling methods, contracts, and cancellations accounted for 81%, surpassing the record high of last year. In order to handle these consumer troubles, the Consumer Contract Law (tentative name) is now being discussed; early institution of the law is desired.

### 2. Increase in Percentage of Consumer Counseling Cases Related to Services: "Products" and "Services" almost 50 : 50

The ratio of counseling cases related to products compared to those related to services was roughly 6 : 4

some 10 years ago, but the ratio has changed gradually and was almost 50 : 50 this year.

To prevent troubles related to services, the Law Concerning Door-to-Door Sales and the Credit Sale Law were partially revised (enacted on October 22, 1999). As a result, certain services by aesthetic salons, foreign language classes, cram schools, and home tutor services have been under the new restriction. (Refer to JCIC News Vol. 11, No. 2 for details.)

### 3. Conspicuous Increase in Counseling Cases related to Life Insurance such as Conversion Contracts

Perhaps as a result of Japanese financial "big bang", counseling cases related to finance and insurance services increased, and in particular, counseling cases related to life insurance showed a rapid increase. In addition to counseling cases related to life insurance companies going bankrupt, complaints against conversion contracts increased sharply.

#### CONTENTS

. Ten Characteristics of Consumer Counseling in 1999 -----	1
. Report on Results of Product Tests -----	3
. Complaint Verification Test -----	5
. Japan Korea Consumers Forum-----	6

Many complaints about disadvantageous conversion of such contracts were received, citing insufficient explanation given. In response, a guideline is now being considered by the industry, headed by the Finance Supervision Agency, that will require major issues including disadvantages to be explained to consumers upon signing a contract

**4. Counseling Cases Related to Multiple Debts and Consumer Finance Still on the Increase**

Counseling cases related to multiple debts were up 40% over the same period of the previous year, and counseling cases related to consumer finance companies including loans for small businesses showed a 16% increase above the same period of the previous year. Although the majority of people who sought advice on multiple debts were in their 20's, the number of people over 30's showed a significant increase.

The purpose of such loans is shifting from expenses for leisure to expenses for living, revealing the difficulties caused by the economic depression.

The JCIC submitted a demand to the related Ministries in June 1999 regarding six issues, including "Reduction of upper limit on interest stipulated by Law concerning the Regulation of Receiving of Capital Subscription, Deposits and Interest on Deposit to the restricted interest stipulated in the Interest Rate Restriction Law", "Punishment for excessive credit", and "Reinforcement of restrictions on illegal debt collection" to help resolve the serious problem of multiple debts.

**5. Diversified Counseling Related to Internet**

Along with the rapid spread of the Internet, counseling cases pertaining to the Internet also increased rapidly. The complaints ranged from Internet shopping to telemarketing citing the Internet as a sales pitch. Most of the extra cases this year were related to connection to international telephone lines while using the Internet, resulting in expensive telephone charges. There were also counseling cases regarding connection to the Q2 dial service. (Refer to JCIC News Vol. 11, No. 2 for details.)

Table1 . Number of counseling cases related to finance and insurance service

	1995	1996	1997	1998	1999 . 1 ~ 10 .
Finance· insurance service	17,715	23,345	33,887	37,516	30,772(120.7)
Life insurance	2,875	3,537	7,030	4,659	5,605(174.2)
Complaints against conversion contract	133	249	351	344	485(221.5)

The figure in parentheses represent the change over the same period of the previous year

Table2 . Number of counseling cases related to multiple debts and consumer finance

	1995	1996	1997	1998	1999.1 ~ 10.
Multiple debts	5,914	9,277	12,840	17,297	13,261(140.0)
Consumer finance	6,766	10,937	15,214	20,164	15,820(115.8)

The figure in parentheses represent the change over the same period of the previous year

## **6. Counseling Cases Related to Sales of Personal Computers Increased Rapidly**

Counseling cases related to personal computers increased by more than 50% over the same period of the previous year. Many cases concerned the contracts for purchasing personal computers together with teaching materials by coercive telemarketing. Counseling cases related to part-time work at home for creating home pages also increased rapidly. In addition, counseling cases related to pyramid and quasi-pyramid sales dealing in terminal products for exclusive use of the Internet have been increasing as well.

## **7. Counseling Cases Related to Telemarketing Rapidly Increasing Again**

Counseling cases related to telemarketing, which fell after the 1996 revision of the Law Concerning Door-to-Door Sales, have been increasing again since 1997. Counseling cases related to telemarketing of certification lectures have been particularly common. The number of this kind of cases rose in 1998, and is now approaching its previous high level.

## **8. Counseling Cases Related to Pyramid and Quasi-Pyramid Sales, sometimes Combined with Selling Method Using Monitor System**

Counseling cases related to pyramid and quasi-pyramid selling methods have been increasing since 1995, and showed a further 12% increase this year from the previous year. One of the factors behind the increase this year is a multiple sales method that combines pyramid and quasi-pyramid selling methods with a selling method using the monitor system. This kind of multi-type sales method is anticipated to introduce new sales techniques, and so this method should be monitored.

\*Selling method using the monitor system: A method of selling products by implying that a monitor fee will be paid to the purchaser (monitor) of a specific product. The monitor fee is not paid in reality, resulting in the purchaser paying credit for the purchased product.

## **9. Obligatory Installation of Child Safety Seats with Unsolved Problems**

In order to assure the safety of infants in automobiles, the revision of the Road Traffic Law has made it obligatory to install child safety seats in automobiles from April 2000. The Japan Consumer Information Center demanded such legislation in July 1998. Since then, the JCIC has required the safety and quality of child seats to be improved, as well as be suitable for vehicles, based upon consumer complaints.

## **10. Counseling Cases Related to Endocrine Disruptors, Particularly Dioxin, Increased by 20%**

Endocrine disruptors are a new issue that attracted much public attention last year. This year, counseling cases increased by 9% above the same period of the previous year, and in particular, cases related to dioxin increased by 22%. By product category of counseling cases related to dioxin, health foods are ranked top, then water purifiers, wrapping film, vegetables, and green tea drinks in this order.

## **II. Report on Results of Product Tests**

### **Results of Products Tests of Household Body Fat Meters**

Interest in dieting and health was again high this year. In response to such demands, household body fat



meters capable of easily measuring the body fat percentage at home have recently gone on sale.

Various complaints such as "different readings at every measurement" and "very different readings when measured using a different model" about these products have been reported to the Japan Consumer Information Center. The JCIC therefore tested commercial household body fat meters to check the variability of measurements, changes in measurements due to differences in measuring conditions, etc.

#### Mechanism of Measuring Body Fat Percentage

Firstly, the body fat percentage is an index that indicates the degree of fatness by determining the percentage of body fat to the weight of the body. It is generally considered that when the body fat percentage exceeds the normal range, then the excessively high body fat could be a factor that causes various health disorders.

Strictly speaking, the only method to accurately examine the quantity of body fat is direct dissection. How is body fat percentage measured by such instruments? Many commercial household body fat meters use the impedance method. Fatty tissue does not easily conduct electricity, whereas muscles and

other tissues containing a higher water content tend to conduct electricity more easily. Utilizing this characteristic, a weak electric current is passed through the body, and the obtained impedance is used to determine the body fat percentage.

A total of three methods, including this method, were selected for testing; the other two methods were the caliper method that measures the thickness of hypodermic fat by picking up skin, and the near infrared ray method that estimates the body fat percentage by calculating the reflective energy of a specific wavelength of near infrared rays irradiated at the body.

Dispersion in Measurements due to Models, Time Zone, Measuring Conditions, etc.

The test results revealed variations in the measurements using these products: (1) The same measurement is not obtained when measurement is repeated several times with the same model; (2) The measurements depend on the location of measurement, and also differ between morning and afternoon; (3) The measurements tend to show differences in time zones such as before and after taking a bath or exercise; and (4) The measurements showed differences depending on the measuring method (impedance method, caliper method, and near infrared ray), as well as the shape and structure of the instrument (hand grip type, step-on type, and skin pick-up type).

Consequently, the following points must be considered when using such household body fat meters for a long period of time: The measurement should be carried out under stable conditions where the measuring hour, body condition and measuring locations are constant. Models should not be changed, as a different model will give a different reading. In principle, it is better to regard household body fat meter readings as only a rough guide to fatness.

### III. Complaint Verification Test

#### Penetration of Water into Mobile Phones

The number of mobile phone subscribers is increasing, with percentage among ordinary consumers now at about 40% as of July 1999.

The JCIC recently received a request to conduct a verification test to examine the problem of water penetration making mobile phones inoperable, without the owner being aware.

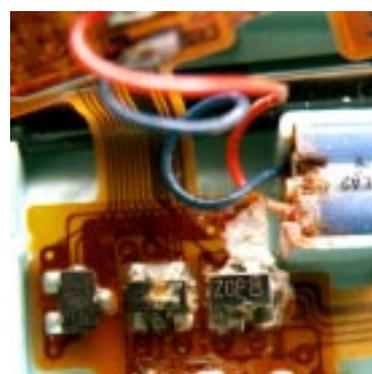
Counseling cases addressed to PIO-NET concerning water penetration into mobile phones amounted to 101. Of these cases, 52.5% of complainants asserted that they did not remember immersing their phones in water; cases regarding water penetration were frequent in the summer season. Therefore, the JCIC carried out a test under ordinary usage conditions.

#### High Temperature and Humidity in the Chest Pocket

Assuming that a mobile phone is carried in a sweaty chest pocket, the temperature and humidity in the chest pockets of 10 subjects were measured during the daytime in June and July. The highest temperature range was found to be from 32.8 to 37.1 , and humidity from 88 to 100%.

Then, each of 10 mobile phones of 5 models was lightly wrapped in a cloth moistened with artificial liquid similar to sweat, and the experiment of repeatedly making telephone calls was continued at 35 and 85% humidity. As a result, 50% of the phones could not communicate for 80 hours. Inspection of the inside of these problem phones revealed corrosion on the substrate and the trace penetration of water.

These results show that water penetration can cause problems in case of prolonged contact with sweaty clothes during a typical hot and humid summer.



#### Note on Repair Charges

Mobile phone companies and makers attach a small sticker behind the batteries to check for water penetration, which causes fogging of the sticker. The instruction manuals usually state that use in the bathroom, in the rain, or on the beach is prohibited, and so repair of mobile phones damaged by water penetration will be charged even during the warranty period.

After our tests, fogging of the sticker indicated water penetration for all models, even though some models did not fail. The JCIC pointed out that the mobile phone carried in a chest pocket in summer season might be broken down, and informed the phone manufacturers that water penetration could not be judged only by checking for fogged stickers and called for specific cautions and warranties on actual usage.

#### **IV. Japan Korea Consumers Forum**

"Japan Korea Consumers Forum" was held on December 3 and 4 (Consumers Day in Korea) in Seoul, Korea.

In response to the invitation from the Korean Consumer Protection Board (Commissioner Ho Seung),

Chief Director Shinpei Nukaya of the JCIC and Manager Mitsuo Kisaichi of Division II of Consumer Legislation of the Economic Planning Agency attended from Japan.

At the forum, lectures and so on were held for the purposes of exchanging information regarding consumer policies and for building a system of cooperation between both Japan and Korea.

*The Japan Consumer Information Center (Kokumin Seikatsu Center) is a government-affiliated organization for consumer protection, which has 130 staff members. The main activities are consumer education, consumer consultation, research and product testing.*

*Editorial address, Policy and Public Relations Division*

**JAPAN CONSUMER INFORMATION CENTER (Kokumin Seikatsu Center)**

**3-13-22, Takanawa Minato-ku, Tokyo 108-8602, JAPAN**

**Tel: +81-3-3443-8623 Fax: +81-3-3443-8624**

**U R L <http://www.kokusen.go.jp/>**