

Malcolm Crompton

TRUST & the Net: some first thoughts

Seminar at INFISO

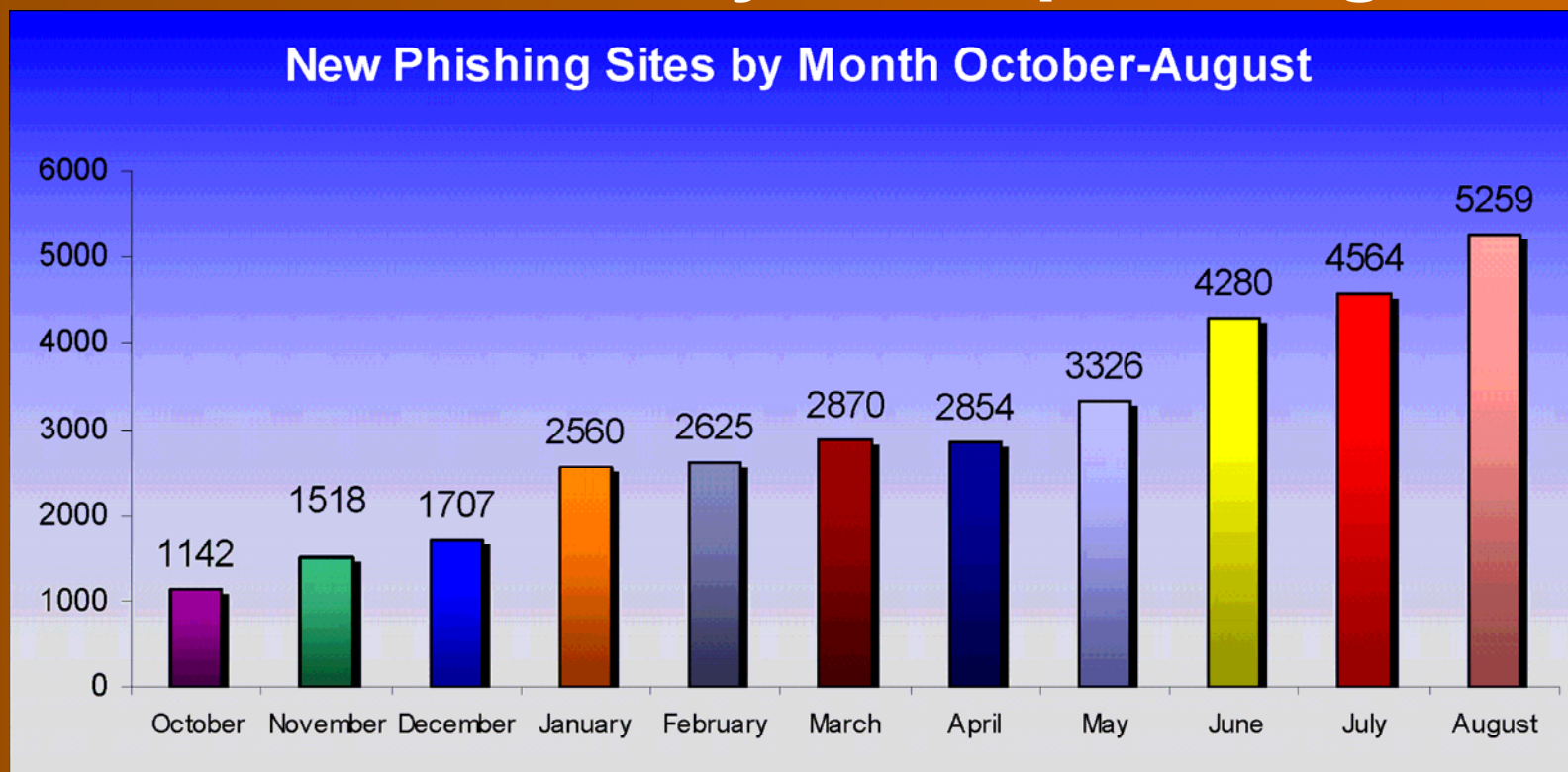
*Brussels
2 December 2005*



THE Challenge: TRUST

Lose customer trust
and you lose money!

Some stats – scary stuff: phishing



Anti Phishing Working Group, Trends Report, Aug 2005

Online fraud is also costing directly

- Identity related fraud in Australia during 2001/02 cost \$1.1 billion (AUD) per annum
- 27.3 million victims of identity fraud in US over last 5 years costing over \$50 billion (USD), according to the 2003 US Federal Trade Commission (FTC) survey
- Losses from phishing etc, cost \$2.4 billion (US) in 12 months to May 2004, according to Gartner, 2004
- Losses from global phishing attacks in 2004 totalled \$400 million (US), according to *Financial Insights*, 2004

Remember – it's not just 'them' !

- Some due to bad behaviour by others
 - Fraud of all sorts
- BUT some due to the organisation's own decisions & behaviour
 - Staff fraud etc
 - Mgt 'breaking or stretching the rules', eg CardSystems
 - Poor practice – data quality, use, disclosure, security
 - Legal, but mistaken, view of customer (or will endure),
 - too often, includes 'CRM'



We have been seeing the impact for years

- Research into Community attitudes towards Privacy in Australia 2004 & 2001, OPC Australia
- “Poll: Americans fear ID theft but try to protect themselves”, CNN Money, 18 July 2005
- *Attitudes and Behaviors of Online Consumers: A Study of Five Cities* (Sydney, Singapore, Bangalore, Seoul, New York), NUS, 2003-04
- *The New e-Government Equation: Ease, Engagement, Privacy and Protection*, Hart-Teeter Research in US, 2003
- *Privacy and data-sharing: The way forward for public services*, UK Cabinet Office, 2002
- etc

You have zero privacy ...
get over it! ??

It's not happening ...

Privacy & the Community, 2004

58% reluctant to provide financial
details (59% in 2001)

41% most reluctant to provide
financial details cf. all other
personal info (40% in 2001)

7% most reluctant to provide health
info (5% in 2001)

Why? – it's none of their business !!



Loss of Trust & its impact

“The ongoing debate about data privacy needs to evolve into a dialogue about consumer trust ...

“The Yankelovich *Consumer Trust Report* clearly pointed out the need for a new approach. ‘The state of mistrust is not a new problem, but it is one that can no longer be ignored,’ Wood said. ‘According to our findings, 80% of consumers believe American businesses are too concerned about making a profit and not concerned enough about their responsibilities ...’

“Distrust has a potentially devastating impact on profitability ... Almost half (45%) of the respondents say there is at least one retail business that they trusted at one time but no longer trust. Of those people, nearly all (94%) say they spent less money with that company, resulting in an average 87% decrease in spending by that group.”

Craig Rogers, [Yankelovich Partners](#), Press Release on [The State of Consumer Trust Report](#)
8 June 2004

More recently ...

Huge security breaches in the USA damaged consumer confidence. The latest surveys show:

- 30 % of consumers report reducing their use of the Web
- 25 % no longer make online purchases
- 29 % shop online less frequently
- Consumers will share personal information with marketers they trust
- Consumers do not want to be tracked online



And there are more stories like this:

- After notification of a data loss
 - ~20% have “discontinued” their relationship with the organisation
 - Another 40 % said they were thinking it

Ponemon survey, MSNBC 4 Oct 2005

- Data security lapses & increased cyber attacks damage consumer trust
 - ~75% online shoppers more cautious about where they buy online
 - ~33% buy fewer items than otherwise because of security concerns

Gartner survey, Media Release 23 June 2005

- 48 percent of respondents avoid Internet shopping

Pineda Consulting survey, MSNBC 15 June 2005

But wait...

There is more



What else is happening?

“More information has been produced and stored in the past five years, than at any time in human history”

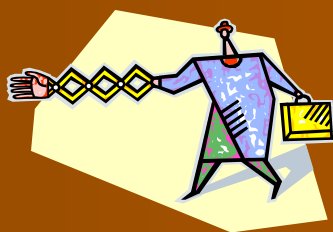
BBC News Online Magazine , 3 Nov 2003

Data stored in a Memphis hospital increased 10x in 5 yrs

Enterprisestorageforum.com, 10 June 2005

“Analysts envision a time when the [RFID] system will be used to identify & track every item produced on the planet”

Katherine Albrecht, Founder of CASPIAN (Consumers Against Supermarket Privacy Invasion and Numbering), 2002



Our personal information is being used & re-used ever more imaginatively

- Know the jargon!
 - 24x7x365, follow the sun business models
 - KYC
 - AML
 - CRM
- Can benefit each of us extraordinarily
 - WA Data Linkage Unit & spina bifida, DVT, ...
Fiona Stanley at 2003 International Privacy Conference
 - But when does it become an invasion of privacy?
ALRC's *Essentially Yours* on genetic privacy

Our identity is the 'glue'

- Data gets linked to identity
 - Mistakes & wrong inferences ...
- 'Identity' a subtle concept
 - Our identity as we see it NOT always the same as that assigned to us by others
 - We all live different roles
- To get analysis right, important to distinguish between a 'bare identity' & the 'profile' assigned to it
- ID management is THE privacy issue



**What can we do
about it?**

A new security paradigm

Extend the paradigm from a security focus to a privacy focus:

- Security = Risk Management for the business
- Privacy = Risk management for the individual

Good Privacy = Good Business !!



Good ID mgt: PITs v PETs

The most essential elements:

- Individuals control the use and disclosure of personal information about them unless specified in law
- Multiple authenticated electronic identities
- Registration empathetic and responsive
- Identity credentials revocable
- Identity numbers invisible outside the identity management system
- Competition between Operators and Technologies
- Consistent User Experience



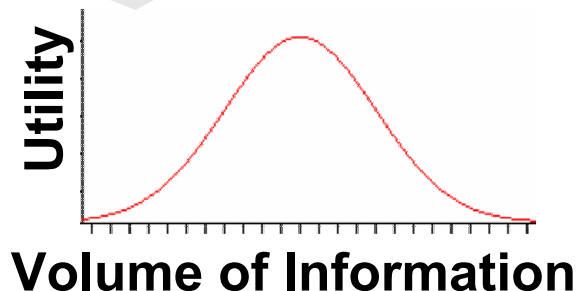
Privacy Enhancing Technologies (PETs) ?

Building in trust, permission & control ...

- Iris recognition technology & application specific biometric templates
- 'Drug records in blink of an eye', *AFR*, 9 Mar 2004
- Biometric encryption
- IBM — **idemix**  : pseudonymity for e-transactions
- P3P; EPAL; Distributed Identity; Combinations; PRIME; Microsoft InfoCard

Consider all options

- Law? Strengthen ‘back end loading’
 - Mandated governance framework of audit, continuous disclosure & sanctions, as applies to other information such as financial information?
- Is more information always better information?
- Better tools – our ‘agent’?
- Other privacy enhancing technologies (PETs)
- A human agent – eg UK NHS Caldicott guardian?
- Privacy respecting ID management
 - YES – it is possible: MS 7 Laws, LSE, MC
- All of the above?



What is IIS ?

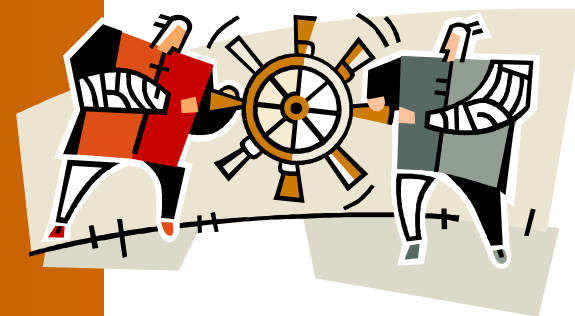
- A consulting company working with business & government agencies to address 'information governance' issues & implement trustworthy business dealings
 - Starting with the way personal information is handled
 - ID management a strong focus
 - “Respect customer information for what it is: a key asset for business success. Protect it with the same care you give trade secrets.”

Richard Purcell, Corporate Privacy Group & former CPO, Microsoft
The Seattle Times, 14 February 2005

- www.IISpartners.com

Who is behind IIS ?

- Malcolm Crompton, Federal Privacy Commissioner 1999-2004
 - Member, IBM Privacy Research Institute; PRIME
 - Also >20 years in APS; 3 years AMP
- Peter Fritz AM, Group MD, TCG Group
 - thought leader through Global Access Partners, Global Trust Center etc
- Robin McKenzie, OPC, 1999-2005
- JV already established with Deloitte
 - Eg MMV Rosetta, NRMA, etc



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