

**INFORMATION
INTEGRITY
SOLUTIONS**



**iappANZ PRIVACY SUMMIT
TRUST IN PRIVACY**

14 November 2016 | Dockside, Darling Harbour, Sydney

Personal Information: Asset Or Liability? It's Up To You!

**Malcolm Crompton AM
Managing Director
Information Integrity Solutions Pty Ltd
iappANZ Privacy Summit, Sydney
14 November 2016**

This is the new world!

This year we've seen:



And most recently:



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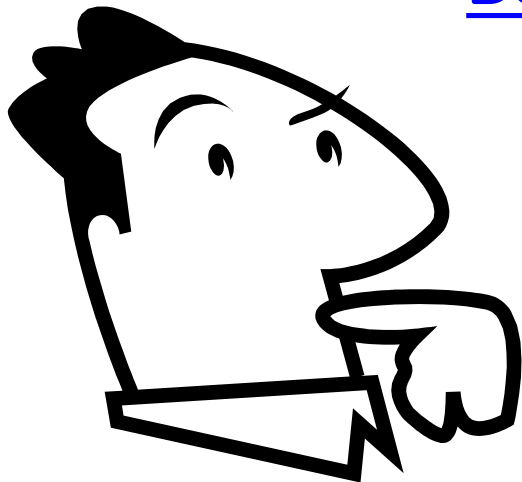
PI-EXIT – closer than we think?

“Silicon Valley has created companies that ruthlessly exploit consumers and workers.”

[The Guardian, 20 Sep 16](#)

“the fact of the matter is that the tech industry is *predicated on inequality.*”

[Ben Thompson, Stratechery, 9 Nov 16](#)



Will people respond in the same way to what we are doing with their personal information?

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Law, law and more law?

- Tighten existing law and enforce it vigorously
 - [EU General Data Protection Regulation \(GDPR\)](#) the high watermark?
- But... will the same prescriptions work for the new world order?
 - Not even the EU Data Protection Commissioners think they have the resources to enforce GDPR

New World Order: “Tech” distinction gets blurry

“Technology” companies?



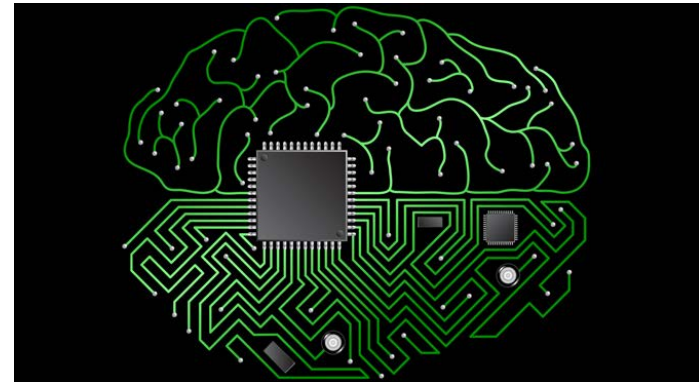
UBER

“Banking and retail” companies?



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New World Order: Ubiquitous (data-driven) technology



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New World Order: Diverse data collections



Provided	Observed	Derived	Inferred
<ol style="list-style-type: none"> 1. Initiated <ul style="list-style-type: none"> • Online purchase 2. Compelled <ul style="list-style-type: none"> • Applications 3. Transactional <ul style="list-style-type: none"> • Bills paid 4. Posted <ul style="list-style-type: none"> • Instagram, Twitter, etc. 	<ol style="list-style-type: none"> 1. Engaged <ul style="list-style-type: none"> • Cookies • Location-enabled device 2. Not anticipated <ul style="list-style-type: none"> • Sensors in cars 3. Passive <ul style="list-style-type: none"> • CCTV images • Wi-Fi station • Call logs 	<ol style="list-style-type: none"> 1. Computational <ul style="list-style-type: none"> • Credit ratios • Average purchase per visit 2. Notational <ul style="list-style-type: none"> • Classification of buyer attributes • Medical condition based on diagnostic tests 	<ol style="list-style-type: none"> 1. Statistical <ul style="list-style-type: none"> • Credit score • Life expectancy • Crime hotspots • Traffic patterns 2. Advanced analytical <ul style="list-style-type: none"> • Risk of developing disease based on multi-factor analysis • ... ??

Source: Martin Abrams, [‘The Origins of Personal Data and its Implications for Governance’ \(2014\)](#)

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New World Order: Amazing benefits for all

- See, e.g., recent McKinsey report on [global data flows](#) (March 2016)
 - **Large multinationals** – Attain truly global scale with new markets and suppliers
 - **SMEs** – Use digital platforms to find customers and suppliers abroad
 - **Startups** – Foreign customers, financing, suppliers from day one
 - **Individuals** – New ways to work, learn, and communicate across borders

New World Order: Data, data breaches everywhere



National Opinion Business
National NZ Herald Focus Crime Politic
BREAKING NEWS Homes in Wellington

 **Nicholas Jones**
Nicholas Jones is a New Zealand Her

Data breaches hit reco

5:00 AM Wednesday Dec 2, 2016

SEPTEMBER 29 2016

Fears that patients' pe been leaked in Medicare data breach

Rania Spooner and Noel Towell

 SHARE  TWEET  MORE

There are fears patients' sensitive medical information could have been made public in a Medicare data breach by the health department.

itnews GOVERNMENT IT INFOSEC FINANCE IT TELCO

Big W shuts online shopping after data leak

By Juha Saarinen
Nov 13 2016
2:59PM



Checkout pages pre-populated with other customers' data.

Retailer Big W's website remains in browsing-only mode after a glitch meant shoppers were shown the personal information of other customers.



In a notice to customers, Big W said the "technical issue" occurred on Thursday November 10 between 1:50pm and 3pm.

It meant "the first stage of the checkout process [was] pre-populated with the personal information of another customer".

The data leak included a customer's name, phone and address.

Red Cross Blood Service admits to personal data breach affecting half a million donors

Updated 28 Oct 2016, 5:41pm

The personal data of 550,000 blood donors that includes information about "at-risk sexual behaviour" has been leaked from the Red Cross Blood Service in what has been described as Australia's largest security breach.

The organisation said it was told on Wednesday that a file containing donor information was placed on an "insecure computer environment" and "accessed by an unauthorised person".

The file contained the information of blood donors from between 2010 and 2016.



PHOTO: The file contained the information of blood donors from between 2010 and 2016. (ABC Adelaide: Brett Williamson)

Data Breach Details
Servants

ge within the
week.

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New World Order: Perpetuating societal problems

➤ There is no such thing as a “neutral” platform or algorithm

Uber Is Quietly Terrible For Women And Black People: Study



Gulliver
Business travel



Previous | Next | Latest Gulliver

All latest updates

Room at the inn

Airbnb tackles racial discrimination

Sep 9th 2016, 14:01 BY A.W. | WASHINGTON, DC



403



Damon Lavrinc

10/31/16 9:05am · Filed to: UBER



SundayReview | OPINION

Artificial Intelligence's White Guy Problem

By KATE CRAWFORD | JUNE 25, 2016



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PI-EXIT – under the radar but it's beginning

- Sense of resentment building
 - [French plan for biometric database](#) of 60 million people sparks outcry (November 2016)
 - **Symantec**, [State of European Data Privacy](#) (October 2016)
 - Disconnect between what business *think* consumers prioritise (top 3: quality, customer service, cost) and what consumers *actually* chose as most important: keeping data safe and secure
 - **Pew Survey**, [State of Privacy in America](#) (September 2016)
 - Large majority affirm importance of privacy, but struggle to understand nature and scope of data collection + agree that they have lost control
 - **Turow, Hennessy & Draper**, [The Tradeoff Fallacy](#) (June 2015)
 - “a majority of Americans are **resigned** to giving up their data—and that is why many appear to be engaging in tradeoffs”

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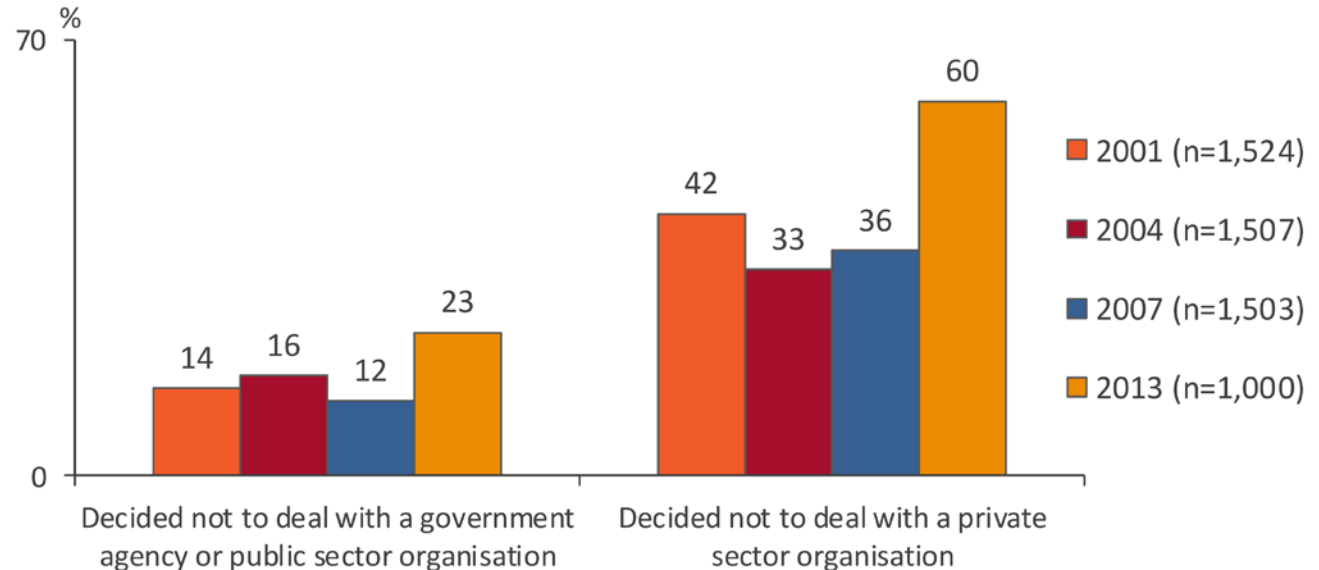
And there's more

- Young adults take more security measures for their online privacy than their elders

'As it turns out, though, that "youthful indulgence" might have been a temporary luxury. It's not just getting older that makes us less chatty and less likely to disclose ourselves; better understanding of the current internet environment makes young people wary, too, even when they wish they could say more. In fact, young people might now be rolling their eyes at their elders.'

We need to act – and soon

Chart 9. Australians who have decided not to deal with an organisation because of concerns over the use of personal information



Base: All respondents

Q18/19 Have you ever decided not to deal with a government agency or public sector / private sector organization because of concerns over the protection or use of your personal information?

Source: [OAIC Community Attitudes to Privacy survey Research Report 2013](#)

- Loss of social licence a huge business risk
- Trust hard to regain once lost

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Looking back, looking forward

- Lessons learnt over the last 15 years working with policy/lawmakers, regulators, and businesses
 - 2004 – [‘Light Touch’ Or ‘Soft Touch’? – Reflections Of A Regulator Implementing A New Privacy Regime](#)
 - 2007 – [A New Approach to Privacy and Trust in the Information Age](#)
 - 2016 – [Valuing Personal Data to Foster Privacy: A Thought Experiment and Opportunities for Research](#)

Legal compliance vs Social licence

- Complying with law \neq gaining social licence
- Consumer resentment caused by infringements on social licence (even if legal compliance are met!)



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Social licence and permission structures

- In most domains of our lives, decisions are made *for* us by parties that we trust are acting in our best interests
 - Almost always when we don't have the full facts or skills
- However, we are expected or presumed to make privacy decisions for almost every transaction (even if the law doesn't require it)
 - Assumes we are clearly presented with the full facts + understand them + have time + ability to act on them
- Personal information management THE odd one out!
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Social licence and permission structures

- Consider the permission structure around driving a car
 - And how it's changed over the years and will in years to come



Australian Government

Federal Register of Legislation

Home

Home > Acts > In force > Series: C2004A03813

What's new

Motor Vehicle Standards Act 1989

Constitution

Series
In force

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Social licence and permission structures

- Or your doctor, the aeroplane, the pilot, the company auditor, this building, the clothes we are wearing, ...
- What makes these decisions to put our lives in the hands of other people and devices every day so trustworthy?
 - Rules of the game, designed with our interests placed above all others and set by independent authority
 - Flexible response to the rules
 - Testing authority, independent of both rule maker and producer
 - Law with unavoidable consequences that are taken seriously
 - Remedy

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Social licence and permission structures

➤ Agents are acting on our behalf all the time in (personal) information exchanges too:

- Bank
- Hospital
- Machine/Algorithm/Artificial Intelligence
- ...



➤ However:

- Some agents are not really acting in our interests
- Some hoard and analyse data to, e.g., “improve services”, BUT
- **A 360 degree view of the customer is not necessarily customer-centric!**

Discovery v application

- Massive data set
- Analytics
 - Producing correlations: Discovery
 - Making predictions: Application
 - NOT objective, NOT value neutral
 - Correlation \leftrightarrow causation
 - Probability \leftrightarrow certainty
 - Generality \leftrightarrow specifics
- Impact different
 - All in the application



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Policymakers: Areas that need improvement

➤ Key constructs need work

- **Consent** – Gross over-use at odds with decision-making in other domains
- **Collection limitation** – How does it operate in an age of observed/derived/inferred data?
- **Use limitation** – ‘Related purpose’ (Aus); ‘legitimate interest’ (EU) – How does it operate in an age of unforeseeable insights?



SATISFACTORY



NEEDS

IMPROVEMENT

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Policymakers: A better policy construct

1. Find ways to incentivize creative ways to **reduce friction in decision-making** with more regard for the interests of the individual
 - Vehicle design and medical practice just two examples
2. Ensure businesses **internalise the risks** that they create
 - Look how environmental law has evolved
 - Why isn't data on the balance sheet?
3. Ensure businesses **cover the costs** of compliance rather than leaving it to the regulator
 - Just like it's done for financial information
4. Regulators and courts resourced to **act and enforce**

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Business: A better way

1. Manage your data as an asset
2. Develop trustworthy permission structures for handling PI
3. Master the fundamentals for the new world order:
 - Ethical framework
 - Governance
 - Accountability
 - Comprehensive risk management for all affected parties

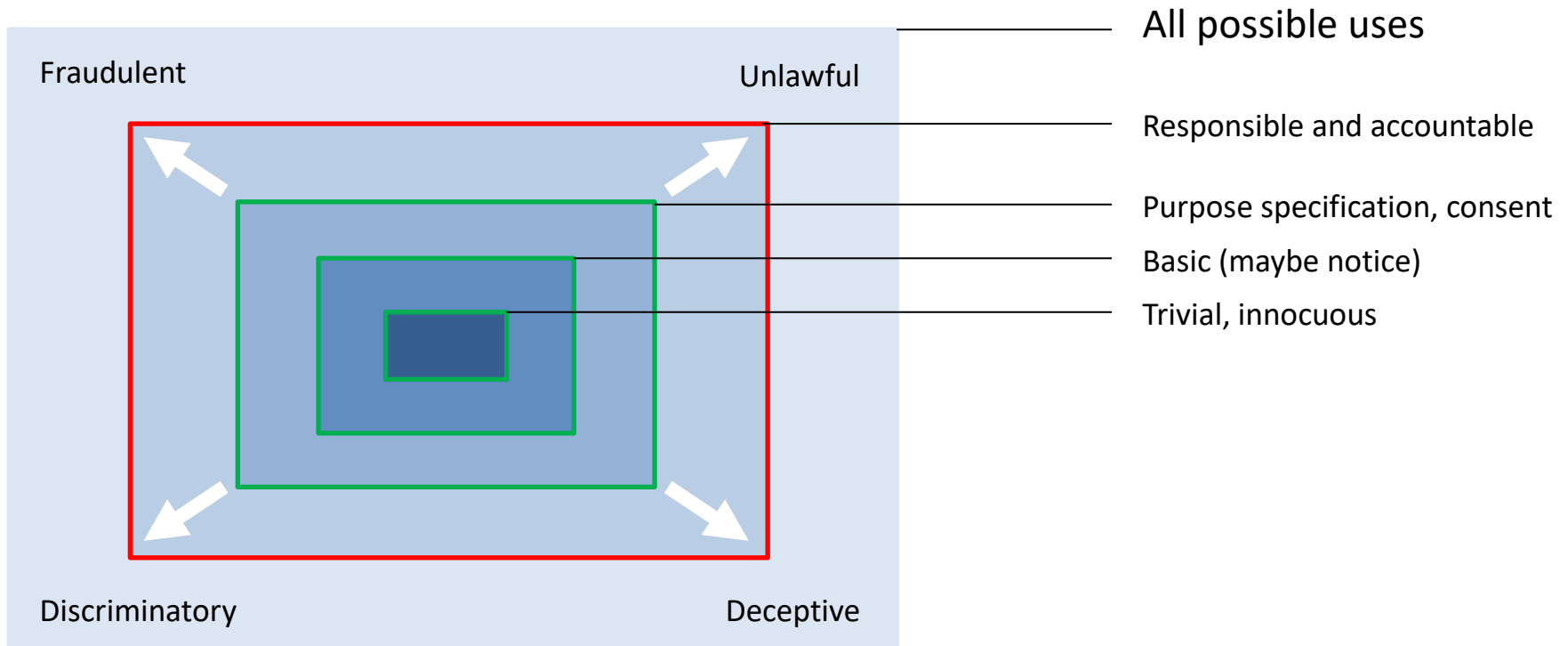


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The asset lever

- Leaders need to know that PI is likely the largest asset on their balance sheet
 - With all the implications for asset management: governance, risk, assurance, utilisation
- Use balance sheet language to get leadership to act
 - Think in positive sum terms
 - Stop treating PI as almost valueless when inviting people trade in (and trade offs) against other 'benefit'

Ethical framework



- Credible decision-making processes and safeguards expand the scope of permissible uses
- Governance is key

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Governance

- Have you asked these questions?
 - Do you have an information governance framework?
 - Is the board thinking about that properly?
 - Is there an accountability point for that governance?
 - Do you have an assurance program in place?
 - Does the governance of information and privacy reflect the firm's internal vision and values?
- *Privacy Governance: A Guide to Privacy Risk and Opportunity for Directors and Boards*

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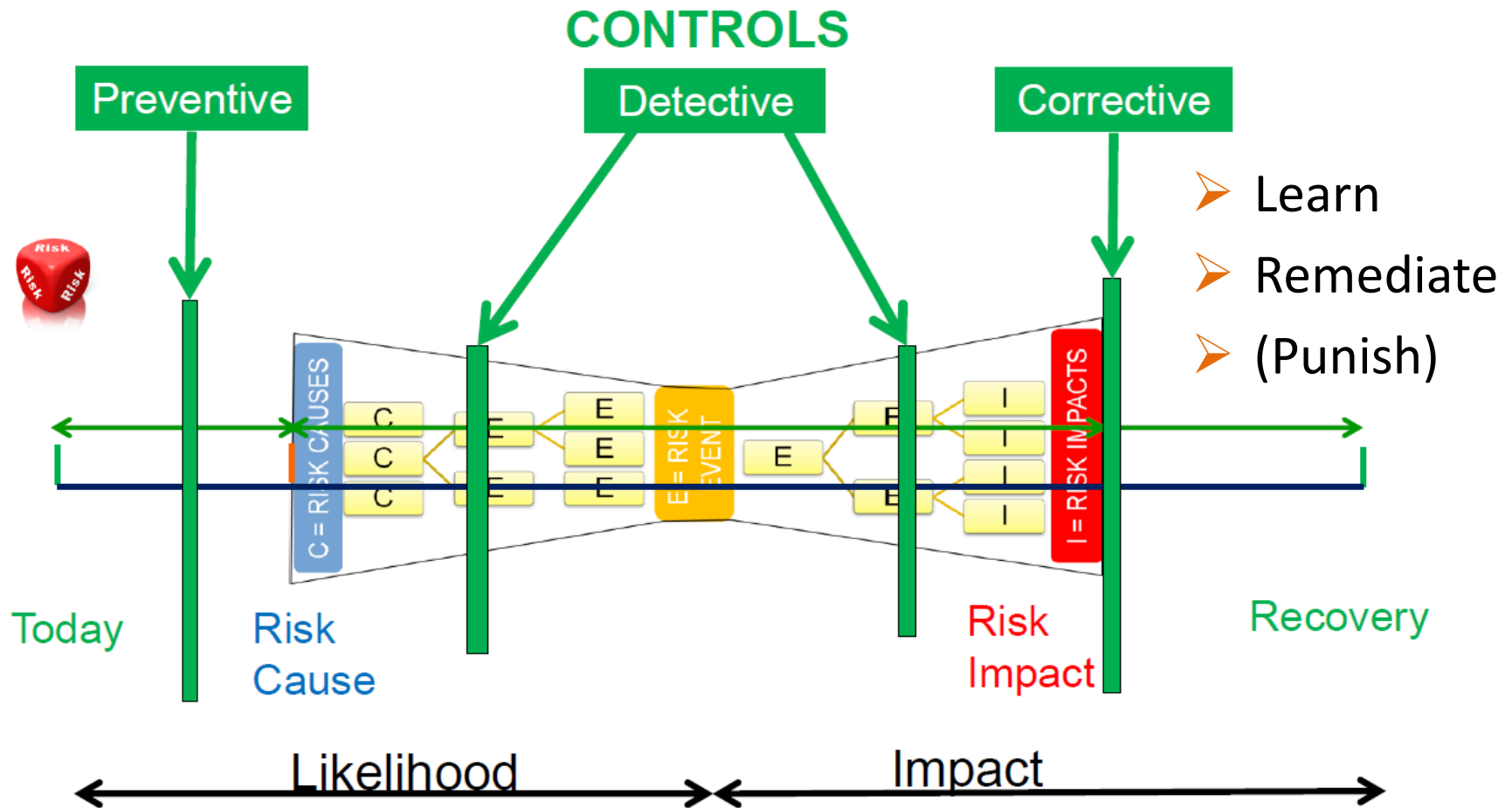
Accountability

- Revised OECD privacy guidelines (2013)
 - [New Part 3 on implementing accountability](#)
- APEC Cross Border Privacy Rules (ongoing)
 - Participating companies must adopt internal mechanisms for privacy protection
 - Certified by 'Accountability Agents'
- Centre for Information Policy Leadership (ongoing)
 - [Accountability-Based Privacy Governance](#)
- Information Accountability Foundation (ongoing)
 - [A Unified Ethical Frame for Big Data Analysis](#)

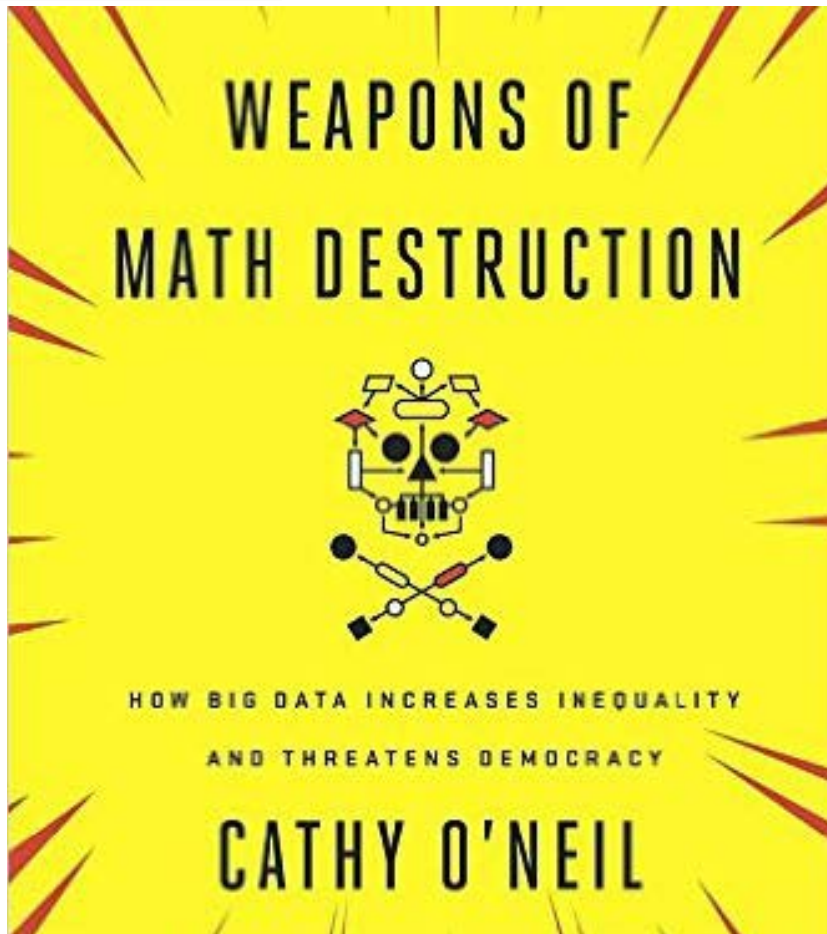


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Framework for risk management



A final thought



Today, success of a model is often measured in terms of profit, efficiency or default rates. Fairness and common good resist quantification. Human values need to be imposed on these systems, even at the cost of efficiency.

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There is a better way



- PI-EXIT at scale may well be next
- Personal information in your organisation
 - Probably its most valuable asset
 - Foster its social licence to use – it's more than compliance
- Engage leadership and influence the conversation within and beyond

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Questions?

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