

**INFORMATION
INTEGRITY
SOLUTIONS**



**Asia-Pacific
Economic Cooperation**

Best practice in cross-border data flows

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APEC Harmonisation of Standards Project Workshop
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About IIS

- Building trust and privacy through global thought leadership and consultancy work for a range of public and private organisations
- **Services:** privacy governance & strategy, privacy impact assessments and audits, regulator, customer & stakeholder engagement, strategic privacy advice, data breach recovery



Australian Government



Commonwealth Bank



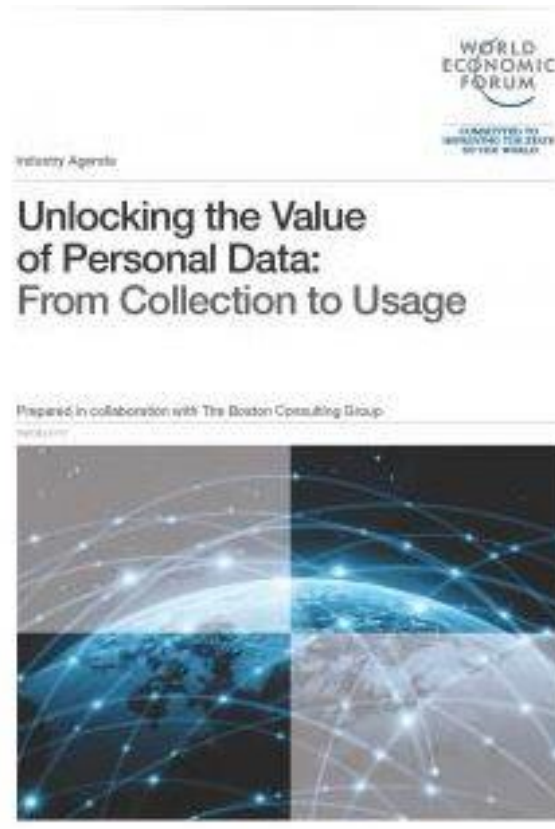
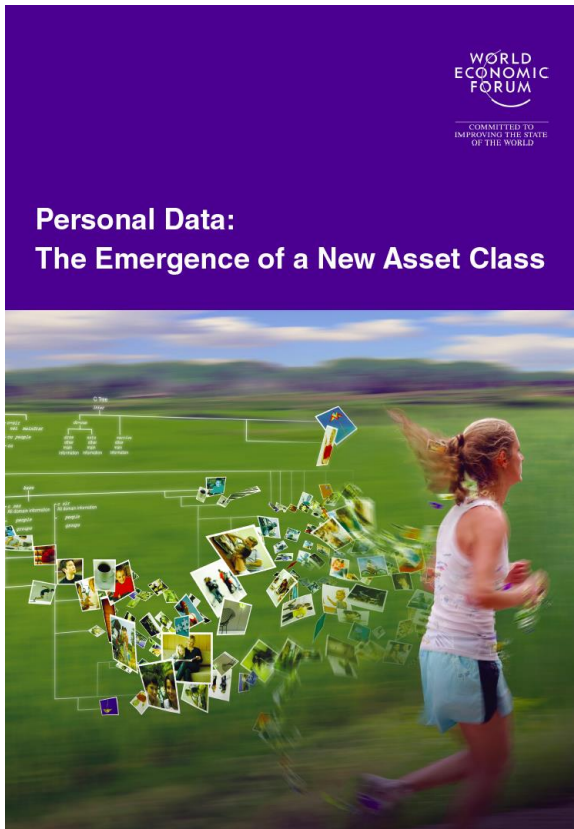
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Overview

- Landscape – information age
- Data as an asset
- Growth of personal data
- Decreasing trust
- Government and business response –
 - privacy
 - standards – public cloud & privacy example
 - localisation and anti-localisation trends
- Trade and investment impact
- Best practice principles in cross-border data flows

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Information age



World Economic Forum Reports: www.weforum.org/issues/rethinking-personal-data

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Data as an asset

“Some day, on the corporate balance sheet, there will be an entry that reads, ‘information’; for in most cases, the information is more valuable than the hardware that processes it.”

Rear Admiral Grace Murray Hopper

(American computer programmer and inventor of COBOL, 1906-1992)



Growth of personal data...

10 years ago

- Contextual information
- Content (both produced and consumed)
- Offline activity
- Communications
- Personal interactions

Personal data

Business data

- Corporate data
- Merchant data
- Technical data



- Identity
- Ratings data (eg, credit and insurance rating)
- Employee (human resources data)
- Health
- Public records
- Online activity (eg, transactions, browsing history)

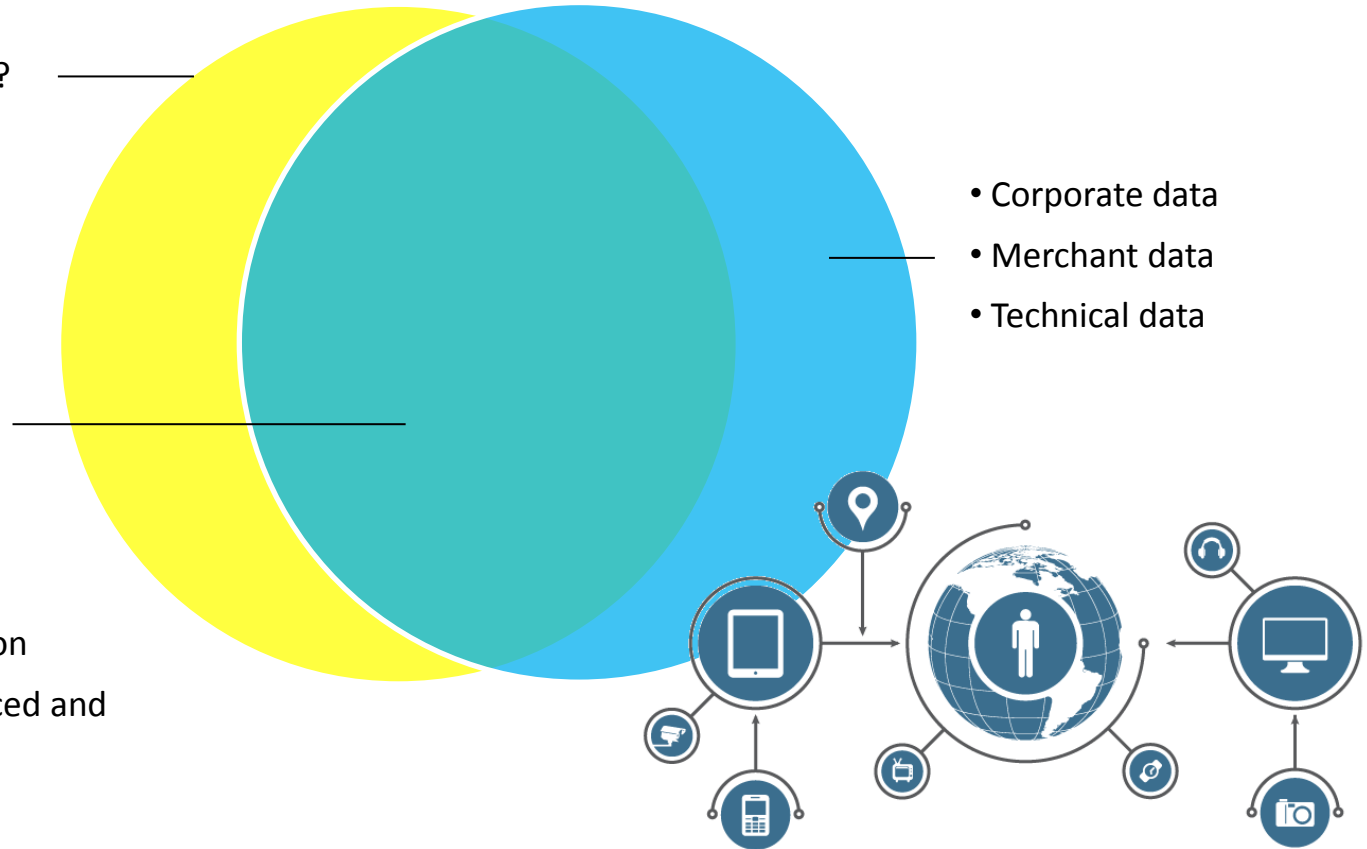
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Growth of personal data...

Today

- Personal interactions?
- Identity
- Ratings data
- Employee (human resources data)
- Health
- Public records
- Online activity
- Offline activity
- Contextual information
- Content (both produced and consumed)
- Communications

- Corporate data
- Merchant data
- Technical data



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Decreasing trust

Target CEO resigns in the wake of data breach

By Russell Brandom on May 5, 2014 08:37 am [Email](#) [Twitter](#) [@russellbrandom](#)

Hong Kong e-payment firm admits selling customer data

Summary: Octopus Holdings, which contactless cards are widely used by commuters of Hong Kong's underground trains, pocketed US\$5.7 million from selling its customers' personal data over past four years.



By Eileen Yu | July 29, 2010 -- 05:38 GMT (15:38 AEST)

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Hong Kong's Octopus Holdings has admitted to selling its customers' personal information since January 2006 and pocketing HK\$44 million (US\$5.7 million) from doing so.

The e-payment services provider said it sold personal data belonging to 1.97 million customers to six companies including Cigna Worldwide Life Insurance, according to a report from local broadcaster Radio Televisi

The European Court of Justice has today declared invalid the Safe Harbor data-transfer agreement that has governed EU data flows across the Atlantic for some fifteen years.

Privacy outrage causes bank to ditch plans for targeted ads based on customers' spending habits

Summary: Dutch bank ING has stepped back from a plan that would have seen its customers' payment histories used to serve them targeted ads after consumer groups and customers objected.



By Martin Gijzenmijter for Benelux | March 18, 2014 -- 09:02 GMT (20:02 AEST)

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Dutch bank ING has stepped back from plans to serve ads to its customers based on their banking habits.

In an open letter to all ING customers published on Monday, the company's chairman Nick Jue announced that it had put its plans for the advertising pilot project on hold.

The trial, announced by the bank last week, would have allowed companies to push targeted advertising to its customers based on their payment history. Although ING's director of private banking Hans Hageenaars claimed that the plans "are a logical step towards the future of targeted

Read this

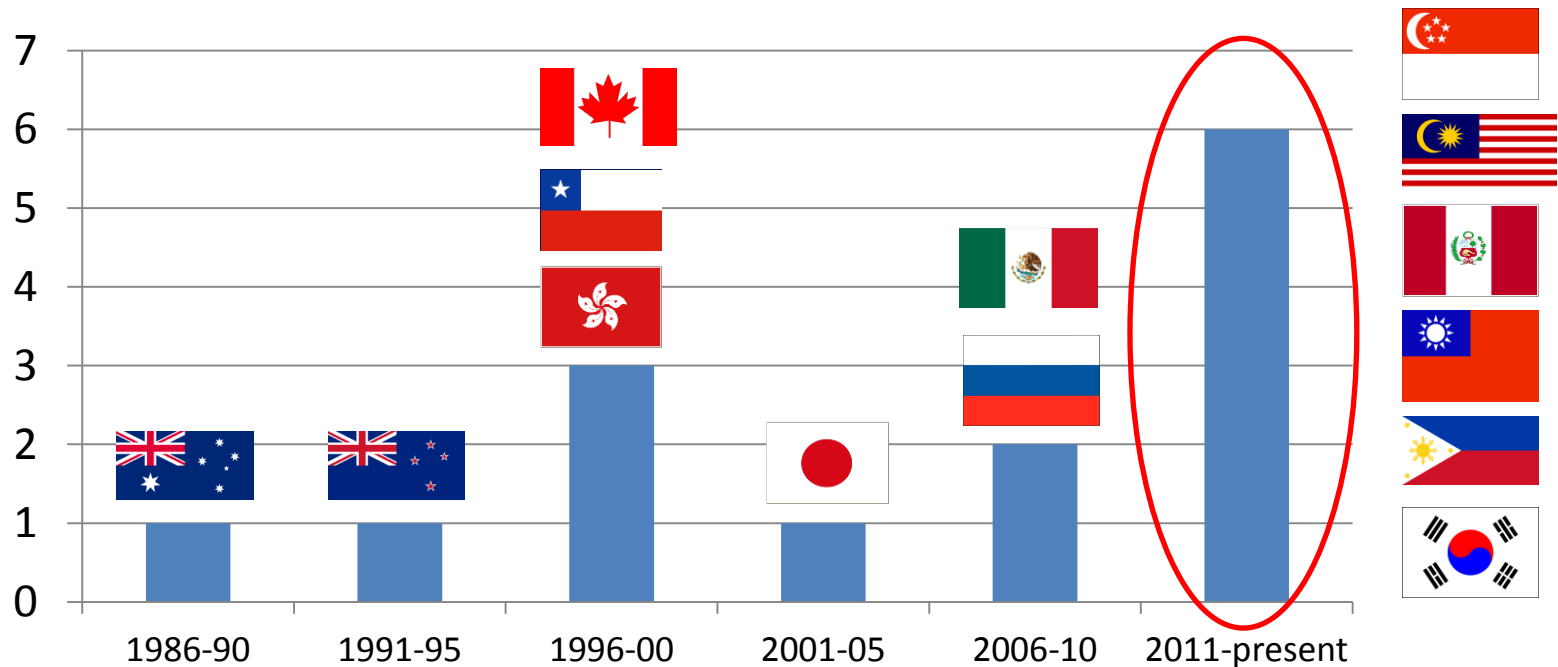


➤ The result: increasing privacy concerns, decreasing trust

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Government responses

- Rise of data privacy laws in the APEC region
 - Including conditions placed on cross-border data flows



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Government responses

➤ Regional cooperation:

- APEC Privacy Framework
- Cross-Border Privacy Rules system



➤ APEC economies with flexible provisions for allowing cross-border data flows:

- Mexico
- Australia
- Canada
- Hong Kong
- New Zealand
- Peru
- The Philippines
- Singapore

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Business responses

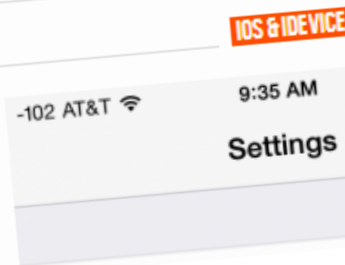
- Industry leaders moving beyond compliance:
good privacy is good business
- Privacy as a differentiator / competitive
advantage

iOS 8 to stymie trackers and marketers with MAC address randomization

When searching for Wi-Fi networks, iOS8 devices can hide their true identities

by Lee Hutchinson - June 10 2014, 12:56am AUSEST

Quartz is reporting a change to how iOS 8-equipped devices search out Wi-Fi networks with which to connect. The new mobile operating system, which is on track for a release in the fall, gives iOS 8 devices the ability to identify



Microsoft Gives Cloud Users Privacy Assurances

By Pedro Hernandez | Posted 2014-06-12 [Email](#) [Print](#)



Ahead of a revised Microsoft Services Agreement, the company assures users of its cloud services that it will shield their content from advertising

Data privacy on the cloud is serious business. And so the company is letting its updated Microsoft Services Agreement take effect later this summer.

On July 31, Microsoft will update its cloud services agreement to govern its cloud services slate.

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Business responses - standards

- ISO 27018: 2014 - first standard to address data protection in a public cloud environment
- A couple of the objectives of the standard include:
 - Provision of transparency and a benchmark and help cloud service providers and cloud customers comply with data protection laws globally
 - Providing cloud customers with a mechanism to obtain 3P verification of cloud providers privacy protections
- Early adopters: Microsoft Azure's platform, iomart, Dropbox

Localisation: A multifaceted issue

- For governments:
 - Safeguard privacy and security
 - Protect and support local commerce
 - Exercise control for national interests
- Two kinds:
 1. Local infrastructure requirement
 2. Local data storage requirement



Localisation: A multifaceted issue

➤ For businesses:

- External stakeholder pressure, such as from key buyers
- Perceived competitive advantage
- Business interest

Examples:

CBA in vow to keep data private

THE AUSTRALIAN | NOVEMBER 13, 2012 12:00AM



THE Commonwealth Bank has vowed never to store sensitive customer data in public cloud despite its move to Amazon's new Sydney-based and locally regulated data centres, which open for business today.

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Trade and Investment Impact

- Impact of **excessive** protective measures:
 - Complying with localisation requirements is expensive, particularly for SMEs and can discourage new market entrants
 - Restrictions on cross-border data flows undermine companies abilities to consolidate operations across multiple jurisdictions, thus preventing benefits of scale
 - SMEs may be deprived of the ICTs they need, or be forced to settle for costlier and/or less optimal local options
 - Global value chains affected and potential balkanisation of the Internet

Trade and Investment Impact

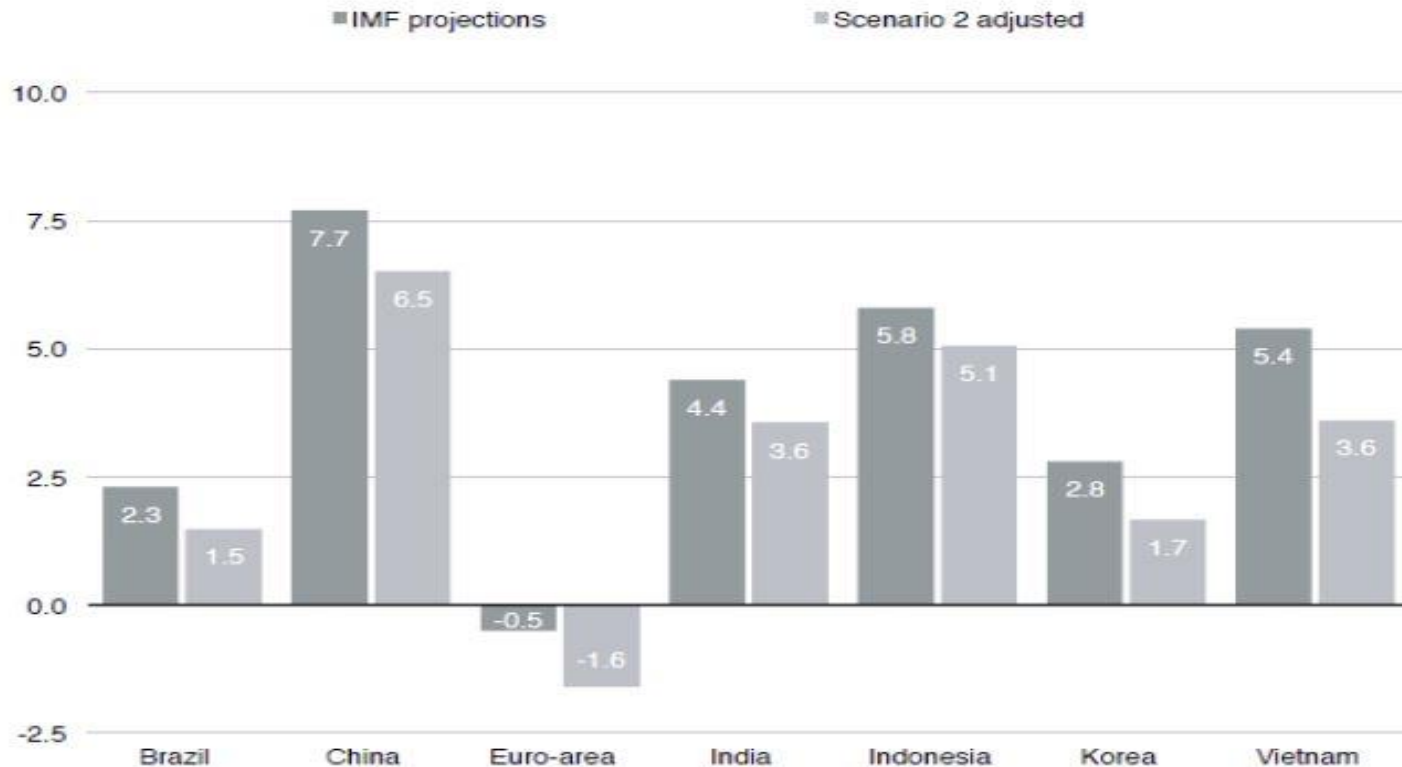


Figure 3: There are reductions in GDP growth (%) in each jurisdiction when IMF projections are adjusted for economy-wide data localisation.

Source: ECIPE, The Costs of Data Localisation: Friendly Fire on Economy Recovery, April 2014.

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Trade and Investment Impact

- Impact of **inadequate** protective measures:
 - May also lose trade if perceived as being an unsafe or undesirable place for data to be sent
 - Lax data protection and governance is costly – average global cost of a data breach to affected entity is: \$US 3.79 million
 - Reputation damage and decline in trust and confidence in the stewardship of data – leads to customers providing inaccurate data and avoiding doing business with those that are not perceived as trusted

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Going forward: Focus on the customer

- Privacy concerns are real and growing, trust decreasing
- Well-meaning but often misguided responses by government
- The aim: safe *and* efficient cross-border data flows
 - For governments – Reconsider localisation measures and streamline cross-border rules – TPP negotiations have impacted this
 - For businesses – Demonstrate proper data stewardship and build trust

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Best practice principles

1. Free flow of business data
2. Uniform privacy protection
3. Cost minimisation
4. Proper allocation of risk
5. Safe
6. Simple and certain
7. Flexible
8. Interoperable
9. Transparent and collaborative
10. Accountable

Source: Information Integrity Solutions, 'Success through stewardship – Best practice in cross border data flows' (January 2015)

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More Information

- Success through stewardship – Best practice in cross border data flows (January 2015) : http://www.iispartners.com/downloads/IIS_Success_through_stewardship_Best_practice_in_cross_border_data_flows.pdf
- ISO/IEC 27018 Primer <http://www.iispartners.com/downloads/IIS%20Primer%20on%20ISO%2027018.pdf>
- East meets West: striving to interoperable frameworks? IIS paper published in Data Protection Law & Policy (May 2014): <http://www.iispartners.com/downloads/IIS%20Crompton%20Shao%20DPLP%20May%202014%20-%20BCR%20CBPR.pdf>
- Towards a truly global framework for personal information transfers (September 2013): <http://www.iispartners.com/downloads/IIS%20CBPR-BCR%20report%20FINAL.pdf>

More Information

➤ Cross-border privacy rules system website <http://www.cbprs.org/>

➤ Documents to assess against for CBPR:

For economies: <http://www.apec.org/~media/Files/Groups/ECSG/CBPR/CBPR-TemplateNoticeOfIntent.pdf>

For organisations: <http://www.apec.org/~media/Files/Groups/ECSG/CBPR/CBPR-Intake-Questionnaire.pdf>

➤ Australia – Phase 1 – CBPR – Impediment Analysis – IIS presented at APEC in Beijing August 2014:

http://mddb.apec.org/Documents/2014/ECSG/DPS2/14_ecsg_dps2_004.pdf.

➤ Referential – Article 29 Working Group – Comparing BCR and CBPR (March 2014):

http://www.apec.org/~media/Files/Groups/ECSG/20140307_Referential-BCR-CBPR-reqs.pdf

Questions?

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