Hong Kong Association of Banks
Hong Kong Monetary Authority
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Use of Personal Data in the Digital Era

Stephen Kai-yi Wong, Barrister
Privacy Commissioner for Personal Data, Hong Kong, China
Role of PCPD

Enforcer

Educator

Facilitator

Personal Data Protection
Proliferation of Fintech

- E-wallet
- P2P Lending
- Robo-Adviser
- Crowdfunding
- Credit Scoring
- Open API
- Blockchain
Lessons Learnt

- Transparency
- Respect; genuine & valid consent
- Privacy by design & by default
Loophole of SMS-based 2-factor authentication

Sources: Apple Daily; Feb 2019
Collection and use of personal data without notice or meaningful consent of the users

Use of personal data in unfair or discriminatory ways

Lack of effective means to erase or rectify obsolete or inaccurate personal data

Data security

Obscurity of the identities of data users and data processors
1. Carefully read the privacy policies
2. Operate the application softwares of Fintech under a safe environment
3. Critically assess requests for personal data and review privacy settings
4. Monitor account activities regularly
Recommended Good Practices for Providers/Operators of Fintech

- Transparency
  - Clear and genuine options to users
  - Privacy Impact Assessment and adopt Privacy by Design and by Default

- Security of data
  - Minimum personal data collection and retention
  - Accuracy of data and reliability of algorithms

- Monitor data processors
**Virtual Banking**

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<thead>
<tr>
<th>Advantages</th>
<th>Challenges</th>
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<tbody>
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<td><strong>Convenience</strong>: 7X24 cross-region and cross-border transactions</td>
<td><strong>Risk supervision</strong></td>
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<td><strong>Low Cost</strong>:</td>
<td><strong>Customer protection</strong></td>
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<td>• rent, renovation, wage →Higher deposit interest and Lower loan interest</td>
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<td><strong>Service Diversification</strong>:</td>
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<td>• innovative financial products and financial services</td>
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<td>• big data analysis and provide targeted services to customers</td>
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Privacy Risks of Virtual Banking

- Impersonation, identity theft, etc.
- Information security e.g. security breaches, hacking
- Collection of customers’ information for profiling and analysis
Privacy Risks of Open API

individuals may not have full understanding on the kinds of personal data that is shared with third-party developers and how the PD may be used and further disclosed.

Service providers/operators may be inclined to collect and retain as much personal data as possible, even if the data may be inaccurate, irrelevant or obsolete.

Transmitting personal data electronically among different organisations and end-users, which increases the risk of data leakage or interception during transmission.

Individuals may not be able to ascertain who is liable for the leakage or mishandling of their personal data.

Customers may not be provided with clear and genuine options for the sharing of personal data.
Information Leaflet on Fintech

• issued in March 2019
• privacy risks
• tips for users
• recommended good practices for providers/operators

Data is the lifeblood of Fintech

1. Collection of big data (e.g., transaction records, behavioural data)

2. Data analytics (e.g., profiling, credit scoring)

3. Automated decision making (e.g., granting of loans, investment recommendations)
Privacy Challenges in Digital Economy

- Abuse of dominant position by “data monopolists”
- Lack of control and genuine choices by consumers
- Hacking
- Data leakage

- Excessive and covert data collection
- Exposure of sensitive information
- Unexpected, unfair and/or discriminatory use of data
- No meaningful consent

- Competition
- Privacy
- Data Security
- Cross-discipline and cross-border issues

- Consumer protection
- Cross-border data flow

Privacy Commissioner for Personal Data, Hong Kong
The Digital Revolution

Ubiquitous collection of data

Unpredictability in use and transfer

Personal data belongs to the individuals

Challenges global data privacy frameworks based on ‘notice’ and ‘consent’
The Digital Revolution

Challenges for regulator:

- To help facilitate the innovative use of data within the legal and ethical frameworks
- To help maximise the benefits of data in a sustainable way
- To minimise the risks of harm, creating healthy synergy with economic growth
Reality (and danger) of the digital economy**:

• **Enterprises collect enormous amount of data from individuals**

• ** Majority of the data is controlled by a small group of enterprises**

• **Ownership of data is not clear in laws**

**Chen Zhimin, former Vice-Minister, Ministry of Public Security
No matter...

Who should own your personal data?

... trust is indispensable.
Our customers’ trust means everything to us. We spent decades working to earn that TRUST.

Tim Cook, 2015

Our data is being weaponised against us.

Tim Cook, 2018
Trust is the new gold.

Andrea Jelinek
Chair of European Data Protection Board
Arguably the biggest change [brought by the GDPR] is around accountability.

Elizabeth Denham, Information Commissioner of the UK

[The GDPR] aims to restore a sense of trust and control over what happens to our online lives.

Giovanni Buttarelli, European Data Protection Supervisor
## Accountability and Governance

### EU GDPR

- **Risk-based approach to accountability.** Data controllers are required to:
  - implement **technical and organisational measures** to ensure compliance [Art 24];
  - adopt **data protection by design** and **by default** [Art 25];
  - conduct **data protection impact assessment** for high-risk processing [Art 35]; and
  - (for certain types of organisations) designate **Data Protection Officers** [Art 37].

### HK PDPO

- The accountability principle and the related privacy management tools are not explicitly stated.

- The Privacy Commissioner advocates the *Privacy Management Programme* which manifests the accountability principle. The appointment of data protection officers and the conduct of privacy impact assessment are recommended good practices for achieving accountability.
Data Ethics & Trust

Consumers <-> Data <-> Ethical Obligations <-> Businesses
Ethics as a Bridge between Law and Expectation

- Business model and technological development vis-a-vis legislation and regulatory reform
- Public expectation forever increasing
- How to bridge the gap?
- Data Ethics
Fair Enforcement

Ethics
“Ethical Accountability Framework for Hong Kong China”

REPORT OF LEGITIMACY OF DATA PROCESSING PROJECT

(Published on 24 October 2018)
Multi-stakeholders’ Approach – Three Core Values

1. Respectful
   - Be transparent
   - Control by individuals

2. Beneficial
   - Identify and assess risks and benefits to all stakeholders
   - Mitigate risks

3. Fair
   - Avoid bias, discrimination and other inappropriate actions
Multi-stakeholders' Approach – Two Assessment Models

1. Ethical Data Impact Assessment
   - Assess the impact of data processing activities on all stakeholders

2. Process Oversight
   - Evaluate the integrity of organisations’ data stewardship programme
Data Ethics

Think, plan and execute with multi-stakeholders’ interests

Get data management on a cradle-to-grave basis in an institutional system and process

Review the system and process regularly
Data Ethics - Implementation

Step 1: Analyse the *business objective* and *purpose* of the data processing activity

Step 2: Assess the *nature, source, accuracy and governance* of the data

Step 3: Conduct impact assessment, i.e. risks and benefits to the individuals, the society and the organisation itself

Step 4: *Balance* between expected benefits and the mitigated risks to all stakeholders

*Privacy by Design* + *Ethics by Design*
Examples of Privacy by Design and by Default

Under iOS 12.2, access to location data of iPhone or iPad by website operators is disabled by default.

- To allow websites to access location data, users have to switch on the function themselves, providing users with stronger control.

Source: Ars Technica; Feb 2019
Examples of Privacy by Design and by Default

- Uber changes its privacy settings after having been fined
  - ‘hiding precise pickup and dropoff locations’ in the driver app after a trip ends to help protect information about rider locations
  - riders and drivers can call or chat with each other directly in the Uber app, so rider no need to share their phone number

Source: ICO; Nov 2018
Examples of Ethics by Design

For personalised online advertising and marketing**:

• make it clear to the consumers if a recommendation of goods/services is a personalised advertisement; and

• provide consumers with information about other similar but non-personalised goods/services.

** Reference: draft revision to the Personal Information Security Specification of China (Jan-2019)
Data Governance & Accountability: Privacy Management Programme (PMP)

Benefits

- Effective management of personal data
- Minimisation of privacy risks
- Effective handling of data breach incidents
- Demonstrate compliance and accountability
Treat Data as Money
Money
(1) Accountant
(2) Accounting rules
(3) Inventory on money
(4) Reporting
(5) Board meetings

Data
(1) Data Protection Officer
(2) Data protection policy and guidelines
(3) Personal Data Inventory
(4) Compliance reporting and monitoring
(5) Board commitment
PCPD’s Roles – **Enforcer** + **Educator** + **Facilitator**

PCPD’s Strategic Focus

- **Fair Enforcement**
- **Engaging**
- **Incentivising**

**Compliance**

**Accountability**

**Ethics/Trust/Respect**

**Privacy-friendly Culture**
A Balancing Exercise

- Individuals’ Right
- Country’s Interest
- Data Protection

- ICT Development
- Economic & Trade Development
- Free Flow of Information
- Use of Data
Q&A
Thank you
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