

The Challenges of Personal Data Privacy in A New Era

11 February 2014



Agenda

- I. The rise of new data collection methods and use**
- II. Regulatory climates and customer expectations
– new challenges**
- III. Mobile Apps – limitations**
- IV. Sharing of Octopus' experiences in meeting new
challenges**
- V. Our Rule of Thumb**



Some Reference Figures

- ❑ Apple App Store offers more than **1 million** apps ranging from games, business, news, sports to health & fitness, travel and kids
Source: Apple press release - 7 January 2014
- ❑ **1.2 billion** people worldwide were using mobile apps at the end of 2012 at a 29.8% growth every year
Source: © Portio Research - March 2013
- ❑ **874 million** monthly active Facebook mobile users as at 30 September 2013
2013 Source: Facebook
- ❑ **18 billion** messages sent and **36 billion** received = **54 billion** total messages on 31 December 2013
Source Whatsapp website - 15 January 2014



New Era in Data Collection and Use

- More and more personal data are collected via electronic/online channels rather than through physical form
- Increasing use of behavioral information collected through electronic devices such as GPS location data and habitual browsing behaviors
- Ease of collecting customers' specific information makes target marketing more efficient and less costly than before



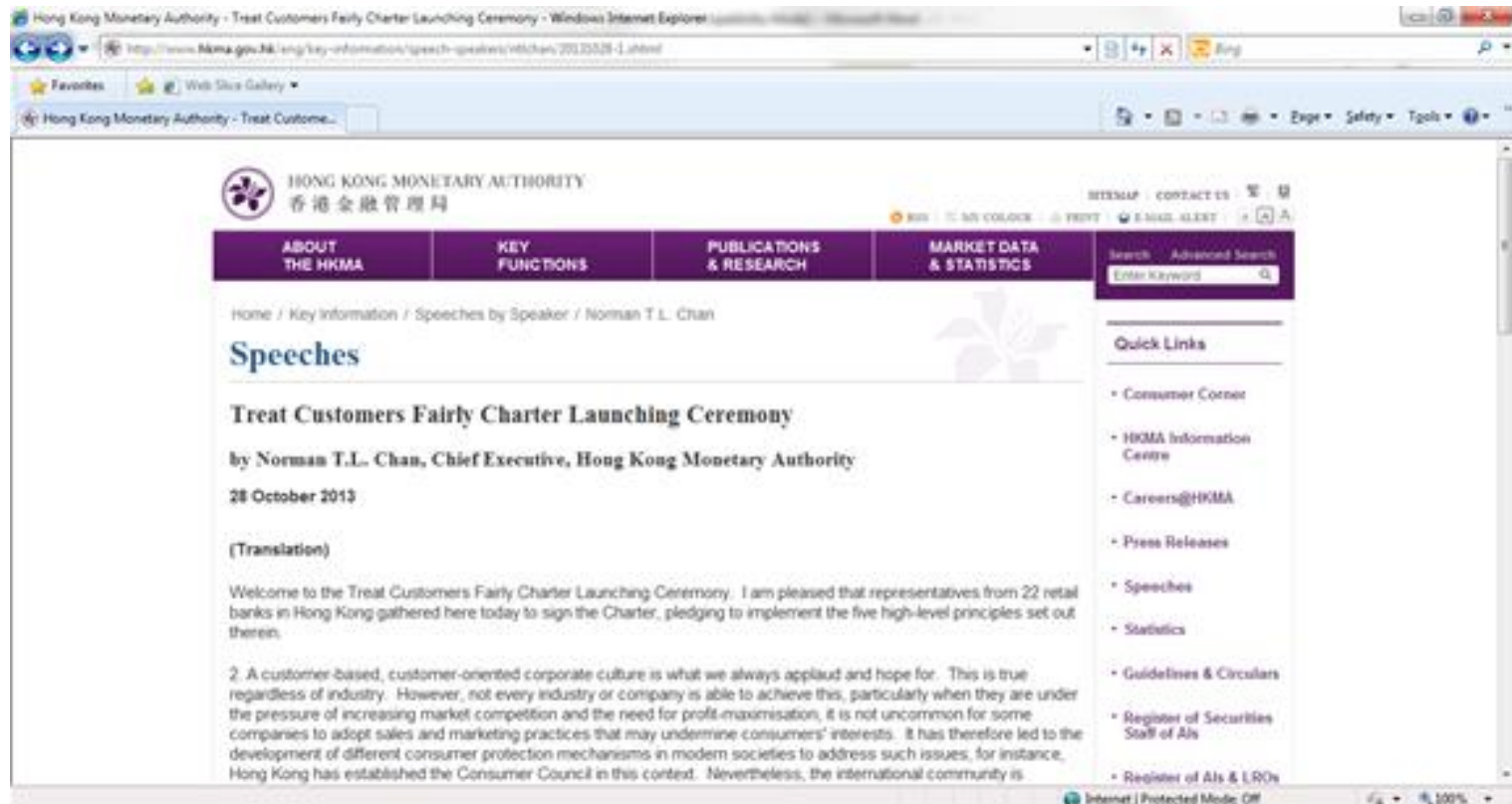
Regulatory Climates – Hong Kong

- Introduction of Personal data Privacy (Amendment) Ordinance in 2013 modernizes personal data privacy protection in Hong Kong
- Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance prohibits certain unfair trade practices



Regulatory Climates – Hong Kong

➤ Treat Customers Fairly Charter



Regulatory Climates – Overseas

- **Canadian Commissioner found Google online advertising service violating privacy rights under Canadian Privacy Law**



Regulatory Climates – Overseas

- **Privacy and Online Behavioural Advertising Guideline issued by Canadian Privacy Commissioner**



- **Guidelines on Mobile Apps are also published by Hong Kong, Australia and UK Commissioners for Privacy**



Customer Expectation

- Heightened public awareness of consumers' right and expectation on business
- East Japan Railway's case of selling commuters' data (no name, no address) in mid-2013

Japan Times

“Even if it appears anonymous and technically may not be covered by the Personal Information Protection Law, **selling such information without permission violates the spirit of the law.**”



Challenges in Developing Mobile Apps

1. Transparency vs. Readability in Limited Space

❖ Full and frank disclosure

- Certain prescribed information as listed in the Personal Information Collection Statements (PICS), if to be collected, should be communicated to customers prior to collection, e.g. purposes of collection and classes of transferees
- Additional information such as kinds of personal data to be so used, classes of marketing subjects, etc. must be specified in the consent obtainable from customers, if the data collected are to be used in direct marketing



Challenges in Developing Mobile Apps

- Layout and presentation of the PICS (including font size, spacing, underlines, headings, highlights and contrasts) must be easily readable for customers with normal eyesight and presented in a conspicuous manner
- Material information, terms and conditions and license for the use of Apps
- PICS and such terms may be lengthy and complicated subject to the nature and functionality of the Apps



Challenges in Developing Mobile Apps

- ❖ How to squeeze the PICS and terms into the screen of a mobile device in a readable manner?
- ❖ The most common screen sizes range from 3 inches to over 5 inches when measured diagonally



Challenges in Developing Mobile Apps

2. Security of the Apps

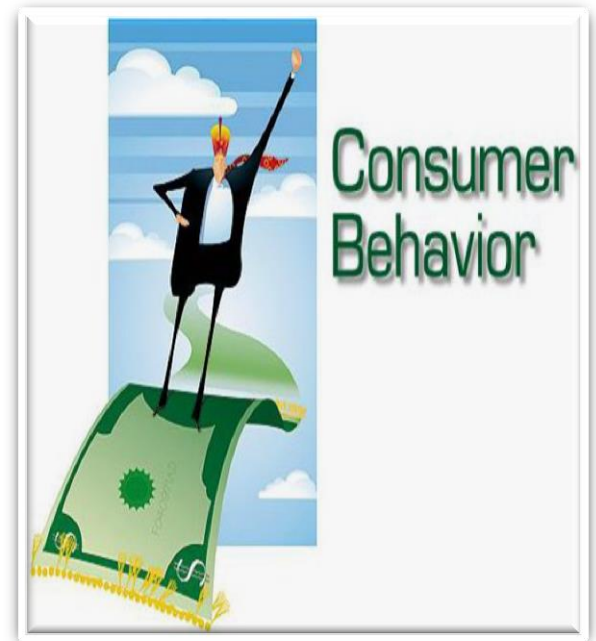
- ❖ Once the Apps is downloaded to customers' devices, it is beyond the Apps developers' control
- ❖ Customers may choose not to update the current version of the App
- ❖ Customers may jailbreak or root their devices that may weaken the security of smart phones, subjecting themselves to hackers' attacks or risk of data leakage



Challenges in Developing Mobile Apps

3. Common Consumer Behaviours

- ❖ Tend not to keep record of what they have agreed
- ❖ Right-oriented vs. a balanced view of right and responsibility
- ❖ “Legally right” does not save you from dissatisfied customers. Consumers always demand something more



How Do We Respond?

➤ Corporate Governance

❖ Established company policies on various aspects:



- Personal Data
- Customer Protection
- Risk Assessment



How Do We Respond?

➤ Corporate Governance

❖ Established company policies on various aspects:



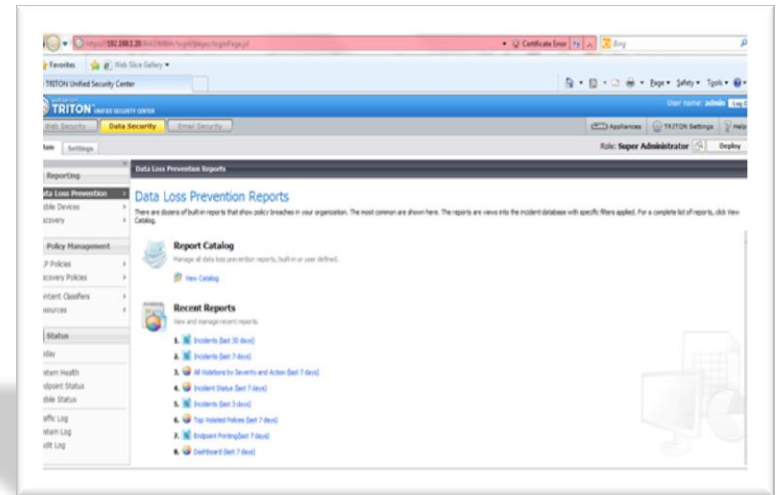
- Incident Handling
- Customer Complaint Handling
- Security
- Compliance



How Do We Respond?

➤ System Controls and Design

- ❖ Segregation of duties and dual control in extraction of personal data and destruction
- ❖ Encryption of data
- ❖ Data leakage prevention System
- ❖ Self-assessments / external reviews



How Do We Respond?

➤ Staff Education and Awareness



- ❖ Regular mandatory training
- ❖ New staff orientation
- ❖ Weekly/monthly briefings and meetings
- ❖ Tailor-made training



How Do We Respond?

➤ **Smart Use of Technology – Combination of Apps and Internet Browser**

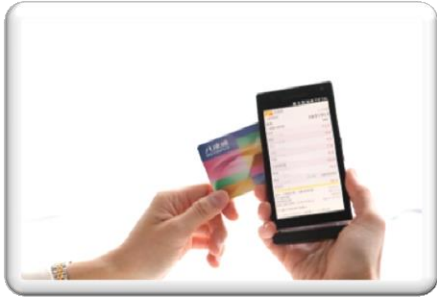
- ❖ Use simple key terms in App environment
- ❖ Use “hyperlink” to link with the web version of important terms and messages for customers to enlarge the font/word size and ensure their accessibility to the most updated information

(Information in the App may not be the most updated when customers fail to get the latest update of the Apps)



How Do We Respond?

➤ Always Collect the Minimum



❖ OctoCheck App

- No personally identifiable information is collected
- No location data are collected
- Only partial Octopus ID is used for registration



❖ Rewards Apps

- No personally identifiable data are collected from customers
- Location data are collected upon consent for provision of customer services through locating the nearest merchants



How Do We Respond?

- **Embedding Personal Data Privacy in Product/Service Development**
 - ❖ Privacy Impact Assessment
 - ❖ Customer Protection Impact Assessment
 - ❖ Risk Assessment
 - ❖ Privacy Compliance Audit
 - ❖ Self-Assessment by Internal Audit



How Do We Respond?

➤ **Building Partnerships with Regulators and Stakeholders**

- ❖ Regular and ad hoc meetings with regulators
- ❖ Membership programmes to foster close rapport with users
- ❖ Attending seminars to acquire most updated information
- ❖ Explore using new forms of customer communications and video clippings to educate customers
- ❖ Multiple customer feedback channels e.g. IVRS, hotlines, fax, emails, website contact us form and letters



Our Rule of Thumb

- ✓ Organisational commitment – top-down directives and bottom-up processes
- ✓ Manage it within the Enterprise Risk Framework
- ✓ A vital part of business process – regular reviews and fine-tuning to meet changing climates
- ✓ Prevention is better than cure, in case of doubt, ask our customers
- ✓ “We need to do **not just legal, but what is right**”

