The Challenges of Personal Data Privacy in A New Era

11 February 2014
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
  Source: Facebook

- 18 billion messages sent and 36 billion received = 54 billion total messages on 31 December 2013
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

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Treat Customers Fairly Charter Launching Ceremony

by Norman T.L. Chan, Chief Executive, Hong Kong Monetary Authority

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(Translation)

Welcome to the Treat Customers Fairly Charter Launching Ceremony. I am pleased that representatives from 22 retail banks in Hong Kong gathered here today to sign the Charter, pledging to implement the five high-level principles set out therein.

1. A customer-based, customer-oriented corporate culture is what we always applaud and hope for. This is true regardless of industry. However, not every industry or company is able to achieve this, particularly when they are under the pressure of increasing market competition and the need for profit-maximisation; it is not uncommon for some companies to adopt sales and marketing practices that may undermine consumers’ interests. It has therefore led to the development of different consumer protection mechanisms in modern societies to address such issues, for instance, Hong Kong has established the Consumer Council in this context. Nevertheless, the international community is...
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

“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.
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.
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**”