Panel 2: "Big Data and privacy"

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ESTA
The Cash Management Companies Association

The power of digital information :
Internet + loyalty schemes + payment = "the naked man"

Loyalty scheme:
Objective: collect enough data to predict the consumer purchasing interest and drive the purchase decision

What it comes to:
- offer a *financial inducement* to give up privacy: '*when a product is free, you are the product'*

- Reciprocally, privacy comes at a cost or penalty for non members – but also sometimes for members too.

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Uber and phone battery life

Price discrimination
Vs members
Vs non members

Insurance and way of life (eg purchase in groceries)

Predictive analytics

Advertising targeting psychologically vulnerable people

Consent vs awareness

Consumers' alleged benefits:

- Loyalty schemes are for the benefit of loyal customers

- Credit points to customers who have forgotten their card

- Not depriving a member from a reward

Misleading:

- the commodity is not the loyalty of the customer, but their personal data

- Data is sold to third parties, to make money subreptitiously

- Linking data sources for profiling

- Retention of data

- Use for secondary purposes not disclosed

A loyalty scheme provider:

- "We automatically link customers' **payments cards to their profile** when a member presents both scheme card and payment cards"

- "This allows members to keep their purchasing history and transaction activities – even if they don't' have their cards"

- "However we don't link the payment cards with transactions at other retailers" (i.e. we *could* do it…)

GDPR definition:

'**<u>personal data</u>**'
- means any information relating to an identified or identifiable natural person **<u>who can be identified</u>**,

- directly or indirectly, in particular by reference to an identifier such as a **name, an identification number**, location data […]

Individualisation vs individuation of data.

Two main weaknesses in privacy protection:

*   Assumption that privacy is protected by consumer choice

*   Assumptions that privacy can only be harmed if an individual is *identifiable*

However, behavioural advertising *does not need* to identify a person,

it uses *individuation*: don't care who a data subject is,
but know that the user of a particular device has *a certain collection of attributes*, that makes its behaviour *predictable*