

## HOW CAN CONSUMERS INTERNATIONAL CREATE POSITIVE CHANGE FOR CONSUMERS IN THE DIGITAL WORLD?

### FOUNDER, INTERNET OF THINGS PRIVACY FORUM DR GILAD ROSNER



**Internet of Things Privacy Forum is a nonprofit think/do tank promoting privacy values and responsible innovation in the Internet of Things**

**Dr. Gilad Rosner** is a privacy and information policy researcher and the founder of the non-profit Internet of Things Privacy Forum, a crossroads for industry, regulators, academics, government and privacy advocates to discuss the privacy challenges of the Internet of Things. Dr. Rosner's broader work focuses on the IoT, identity management, US & EU privacy and data protection regimes, and online trust. His research has been used by the UK House of Commons Science and Technology Committee report on the Responsible Use of Data and he is a featured expert on O'Reilly and the BBC.

Dr. Rosner has a 20-year career in IT, having worked with identity management technology, digital media, automation and telecommunications. Dr. Rosner is a member of the UK Cabinet Office Privacy and Consumer Advisory Group, which provides independent analysis and guidance on Government digital initiatives, and also sits on the British Computer Society Identity Assurance Working Group, focused on internet identity governance.

The new motto of Consumers International, 'Coming together for change', is for me most valuable in the sense of forming a bloc with other like-minded organisations and individuals. I am in favour of an adversarial approach to the forces that place consumer welfare in a subordinate position to ideas like 'innovation' and 'progress.' There is a pernicious orthodoxy that strong support of privacy, data protection, and regulation generally are in opposition to innovation. This sound bite-sized idea ultimately serves entrenched economic interest at the expense of citizen welfare and economic justice. So, I encourage you to unite with your fellow advocacy organisations to press for change in the following areas pertinent to the digital economy:

## WORK TOWARDS EUROPEANISATION

With regard to data protection, the most important development in the world is the rollout of the General Data Protection Regulation (GDPR), Europe's update of the 1995 Data Protection Directive. While not radical, its improvements on the prior European data protection regime are significant. The GDPR seeks not only to improve the state of consent in digital interactions, but also force companies to take a much closer look at the nature of their operations that impact personal data.

Further, the GDPR intends to reach beyond Europe and affect companies outside the EU who process the personal data of Europeans, threatening those who mishandle such data with significant monetary penalties. Importantly, the GDPR creates private and class rights of action – meaning the ability for individuals and classes to sue companies for mishandling of personal data. The combination of rights to sue and significant fines makes the GDPR the most ambitious data protection regime in the world, and therefore one of the more important developments with regard to consumer rights and protections online.

Another major European initiative that directly affects the rights of consumers online is the Digital Single Market (DSM), which seeks to harmonize and streamline a wide variety of online regimes, markets and activities. Key goals are:

- harmonized and improved e-commerce
- affordable, high quality cross-border parcel delivery
- dismantling of geo-blocking of content and purchasing
- harmonized copyright regime
- reducing cross-border VAT compliance costs
- a general bias towards a free flow of data except for privacy and data protection needs

Elements of the strategy can already be seen in the abolition of mobile phone roaming charges within EU member states and forthcoming removal of content blocking based on location.<sup>1</sup>

The DSM and the GDPR are the yin and yang of consumer improvement and protection efforts in Europe. They exemplify the power, direction and intent of a European Union, and therefore imply that the broad concept of Europeanisation is beneficial to the citizens and residents of the EU. Consumers International should work with agencies, directorates, and organizations that support and enhance the DSM and GDPR, and generally support stronger unification of Europe and its institutions. While Brexit complicates this, Consumers International's partners and members in EU member states are in a position to contribute to Europe's 'ever closer union'.

## ENCOURAGE DATA BREACH NOTIFICATION; PARTNER WITH ONLINE RIGHTS GROUPS

One regulatory strategy that can have a broad effect on digital markets is data breach notification. Simply put, these are requirements for companies to notify regulators and the public when they've had a breach of personal data due to hacking, cybercrime or accident. This is a naming and shaming strategy, and it both causes regulators to question victim companies about their security practices, and makes them vulnerable to market punishments by potentially causing customers to 'vote with their wallets' and take their business elsewhere.

Data breach notification requirement is a straightforward, institutionally-derived market shaping strategy that has general application to all businesses that deal in personal data. It is one small piece of a rising tide that can raise all ships – the goal being general improvement of the cybersecurity landscape, which ultimately benefits consumers by reducing the risk of their personal data being stolen. Fortunately, the GDPR strengthens data

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1 European Commission, [European Commission Digital Single Market factsheet](#), , 2016

breach notification in Europe. But, such requirements are weaker elsewhere in the world, such as the United States, Asia, South America and Africa.<sup>2</sup> Consumers International should partner with organisations and academics that champion data breach notification in non-European nations as a part of a general online advocacy strategy.

### HIGHLIGHT PRICE DISCRIMINATION; BUILD DISCOURSE, CONTRIBUTE TO DETECTION EFFORTS

Within the privacy and consumer protection community, there is a growing awareness of the potential harms of online price personalisation. While shaping the price of goods and services based on a variety of conditions is a well-established element of commerce, there is a danger for pricing to become discriminatory. For example, there is evidence of [Mac users being shown higher prices for goods and hotels than PC users](#).<sup>3</sup>

Due to the opacity of this ‘price steering,’ it is very hard to determine if, for example, women, older adults or minorities are inappropriately shown different prices based on those factors. A central issue is the difficulty of detecting such price discrimination – there is a limited amount of research on this, as well as only a small amount of popular discussion. Consumers International should discuss this topic with its partners and members and support any existing efforts they may have undertaken.

Consumers International should track price discrimination in the news and in privacy and consumer protection circles to stay abreast of new detection and research. Possible partners include the Information Commissioner’s Office (ICO), the Norwegian Consumer Council (Forbrukerrådet), The European Consumer Organisation (BEUC), and the data protection authority for the German state of Schleswig-Holstein (the ULD). At this stage, it’s important to build popular and professional discourse around this topic so as to support further research and regulatory efforts.

### INVESTIGATE AND CHAMPION CHILDREN’S ONLINE PRIVACY AND SAFETY

There is a growing concern about children’s online privacy and safety. Certainly, safety from predators online has been a key issue around children’s use of the internet for some time, but the ever-evolving set of networked technologies makes children’s safety a moving target. Children’s privacy is both less studied and the recipient of less advocacy than safety. In part, this is caused by privacy’s broader and hazier boundaries.



However, increases in the availability of networked toys and intelligent devices aimed at children is bringing privacy issues to the fore. In December 2016, multiple complaints were raised with regulators over the sale of a wildly insecure [networked toy called My Friend Cayla](#).<sup>4</sup> This doll’s security was so bad, a user half a world away could hack into it and speak through it. Further, Cayla was programmed with advertisements for Disney movies and products, though this was not disclosed in the doll’s privacy policy.

More research and discourse is needed regarding the privacy and safety of what is sometimes called the ‘internet of toys’ – toys that have networking and sensing capabilities. Consumers International should begin discussions with other advocacy groups already working in this area: the Center for Digital Democracy, the Campaign for a Commercial Free Childhood, and Common Sense Media. Also, the Oxford Internet Institute has recently launched a research project into children’s online safety, and so there may be an opportunity to contribute to that research as a voice from the advocacy community.

### CHAMPION PRIVACY FOR CONSUMERS OF ADULT CONTENT

For decades now there has been a gulf between restriction of adult content in the physical world and in the online world. In the physical world, adult content is restricted to over 18s by requiring shop owners to demand to see official IDs to prove age in order to purchase adult content, products and services.

2 World Law Group, [Global Guide to Data Breach Notifications](#), 2016

3 [‘Mac and Android users charged more on shopping sites than iPhone and Windows users’](#), International Business Times, 12/10/2014

4 [‘What to get for children this Christmas... Surveillance!’](#), LinkedIn Website, 06/12/2016

Until very recently, the online equivalent of age verification was not feasible – many adult sites merely required users to affirm they were of legal age. Many factors hampered online age verification: lack of technology, lack of business interest in providing age verification services outside of gambling markets, lack of access to official sources of identity and age by the private sector, and general sensitivities around the use of identity information in adult services. Now, the UK has made it a political priority to enforce long-standing [prohibitions on child access to adult content](#) in the online environment.<sup>5</sup> However, there is an essential privacy concern with any initiative to verify age online. Building age verification systems that can prove age but not reveal identity is costly and uncommon, but far from impossible.

Adults who wish to consume adult content should be able to do so with a maximum degree of privacy, but the higher cost and complexity of pseudonymous, privacy-protecting age verification systems may cause policymakers and the adult content market to elect to build systems that reveal people's identities and consumption habits to content companies, credit card companies, and others within the supply chain. Stockpiling the names of adult content consumers along with their preferences is privacy-invasive and possibly dangerous, as revealing such private preferences and habits could cause stigmatisation, job loss, relationship damage, blackmail, and violence. Consumers International should participate in UK age verification policy deliberations to ensure that a voice is heard for strong privacy to be maintained. Consumers International should engage with the [Digital Policy Alliance](#), a key stakeholder for such deliberations, to help ensure that the age verification regime for legal and private use of adult content does not force consumers into unwanted and unwarranted exposure.<sup>6</sup>

### OFFER TO BE A PLACE FOR INTERNS; OBTAIN FUNDING FOR YOUNG FELLOWS

In policymaking, there is a widely acknowledged lack of technologists. Unsurprisingly, this results in poor understanding of technology by those who legislate it. This same problem exists in advocacy circles, resulting in a lack of depth and nuance in advocacy efforts that revolve around particular technology problems. In both the policymaking and advocacy domains, there is great benefit to be derived from engaging computer scientists, engineers, data scientists, network engineers and others whose primary educational and career focus has been technology. Consumers International should seek funding for Fellows to work alongside its staff and to investigate technology-specific consumer protection issues. In particular, Consumers International should target undergraduate and Master's-level students who are motivated by consumer fairness and justice issues, and who are close to the technologies of the day.

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5 [‘Pornography sites face UK block under enhanced age controls’](#), *The Guardian*, 19/10/2106  
6 Digital Policy Alliance website, <https://www.dpalliance.org.uk/groups/age-verification/>