

FIGI Symposium 2021

Cybersecurity and Trust:
Technology Innovations and Data Privacy Implications for DFS

June 3rd, 2021

DATA: THE NEW OIL?

“Data is the new oil”

Clive Humby (co-founder of consumer analytics firm DunHumby), 2006

“The world’s most valuable resource is no longer oil, but data”,

The Economist, 2017

IT TURNS OUT THERE ARE KEY DIFFERENCES

- Oil has a proven infrastructure for extraction, refining and sale. Turning raw data into profits is not a clear process
- Data requires investment in specialized infrastructure (typically cloud-based) and skilled data scientists
- Data can't deliver value in isolation – requires testing against real-world observations
- Data needs scale (over time, across populations) to deliver real value
- Data raises Issues of privacy, security and trust

TELECOM DATA: WHO HAS IT?

Mobile Network Operators

- **Source:** Call Data Records (calls, texts, data), Billing and customer information
- **Advantages:** Scale
- **Challenges:** Utility-centric regulation; weak data infrastructure; data-only networks
- **Primary use case:** Internal marketing

OTP Providers

- **Source:** Data gathered from mobile apps (with customer opt-in)
- **Advantages:** Rich data set
- **Challenges:** Weak security, identity fraud, lack of consumer protection (Apple, Google)
- **Primary use case:** Digital advertising

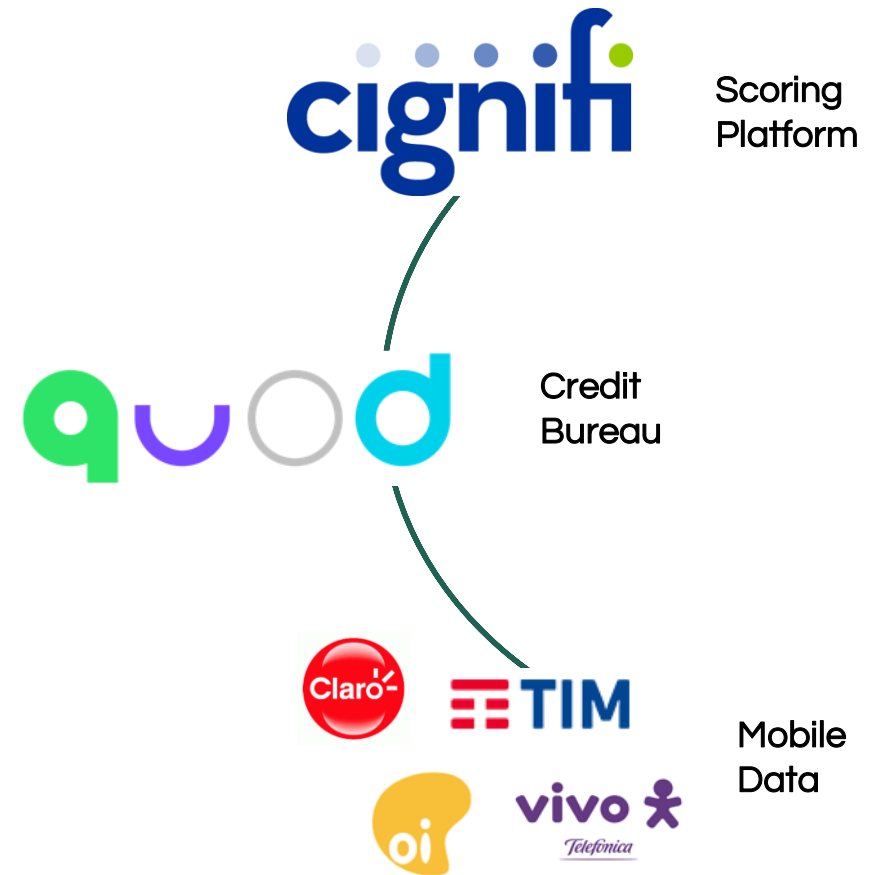
TELECOM DATA & DIGITAL FINANCIAL SERVICES

With few exceptions, mobile operators have failed to develop scalable DFS:

- Lack of investment in data infrastructure
 - Data privacy restrictions that prevent sharing or aggregating raw customer data
 - Difficulty developing commercial partnerships with balance sheet providers
 - Non-core business with limited impact on customer ARPU
 - Increased availability of other non-traditional data sources that compete with telco.
- Digital lenders largely rely on app-based and other data
 - Tala, Neon, Julo, Grab, Alipay, Konfio, Branch.....

CASE STUDY: RISK SCORING IN BRAZIL

- Collaborative model – 100% coverage maximizes value
- Credit bureau – for low-cost distribution and data security
- Data privacy rules (LGPD) - permit use for fraud and credit
- Enquiry-only model – avoids any raw data transfer
- First product – localization score



MONETIZING TELECOM DATA MORE EFFECTIVELY

- Clear data privacy/usage rules – for app providers as well as MNOs
- Align permitted data usage with public policy/financial inclusion objectives (similar to open banking)
- Opt-in/Informed Consent
- Transparency to build trust in underwriting/approval algorithms

Thank You

Jonathan Hakim

jhakim@cignifi.com

+1 617 651 0262 (cell/WhatsApp)

Telecom Data: Who Has It?
