

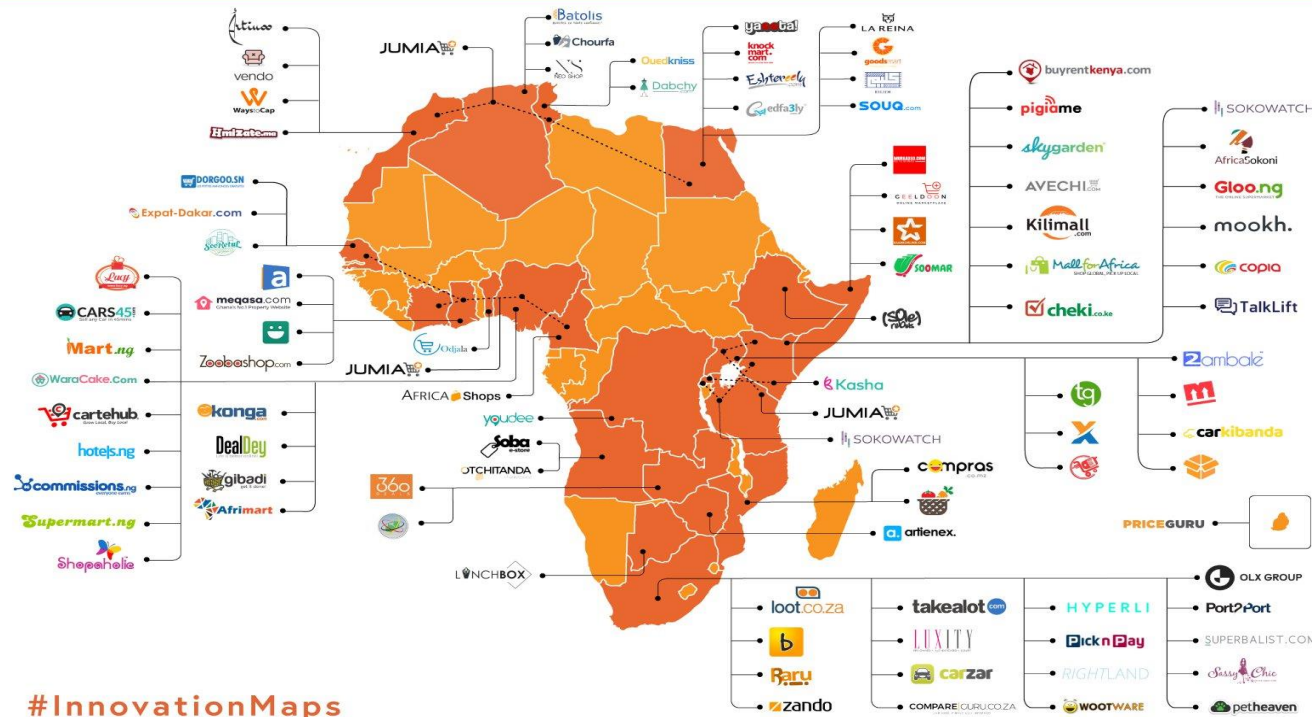
# Safely Making the Most of the New Data Advantage

Abdul Musoke, July 2019

@AbdulMusoke

# The Opportunity

## Hot E-commerce Ventures 2018



#InnovationMaps

**\$767 mln** Total Funding raised by JUMIA

> **1st Unicorn in Africa**  
[company valued \$1+ bln]

**44%** 2020 Consumer Base  
> of payments made by card. **290 mln**

**Sub-sectors**  
Areas addressed by e-commerce ventures

- Cars Marketplace
- Real Estate
- Appliances & Electronics
- Grocery Shopping

**\$16** 2017 | **\$29 bln** 2022  
E-commerce revenues across Africa and Middle East.

**264+** e-commerce ventures

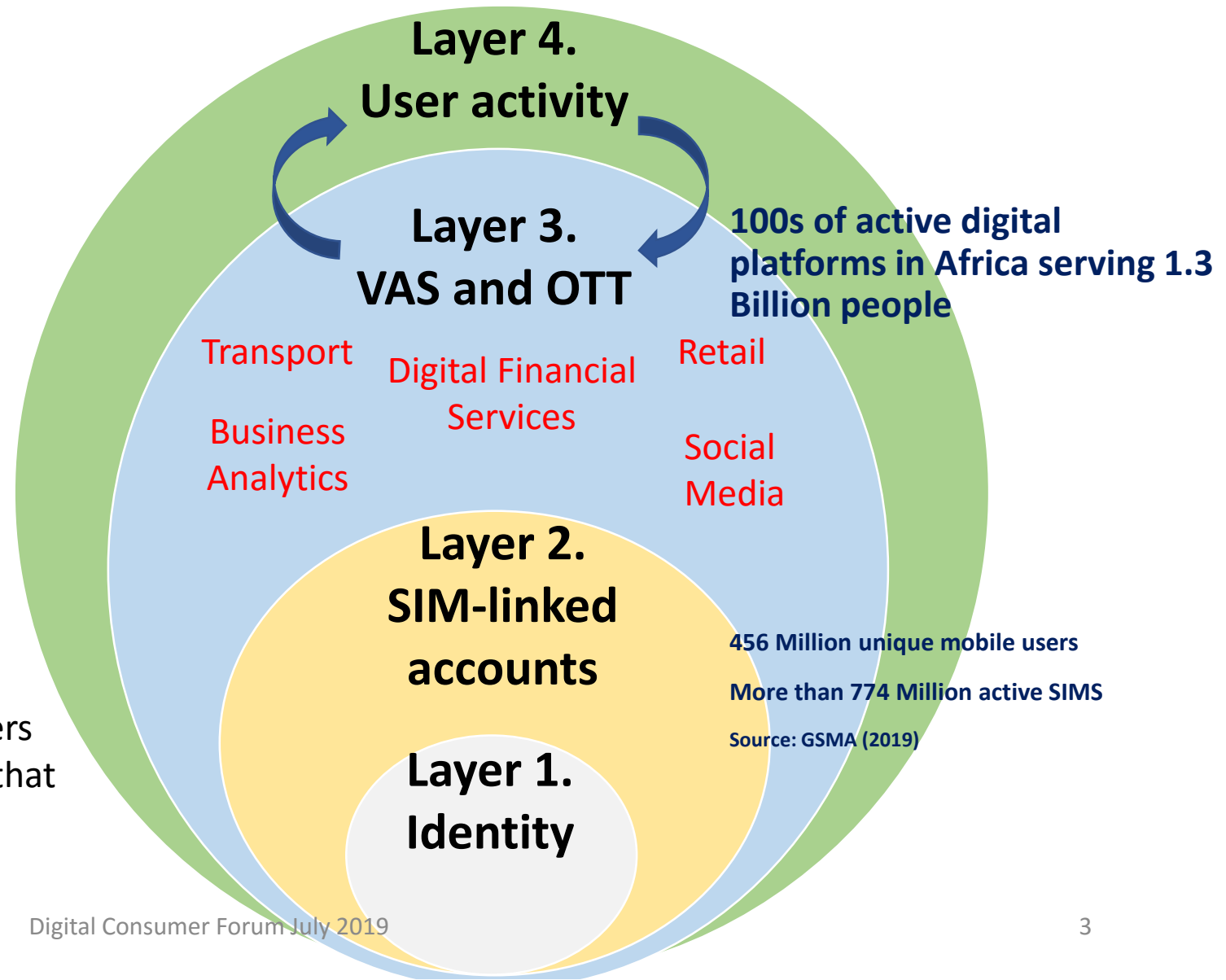
**vs 150+**  
Excluding Restaurant & Food  
> Delivery companies, and Gig Economy platforms.

[briterbridges.com](http://briterbridges.com)

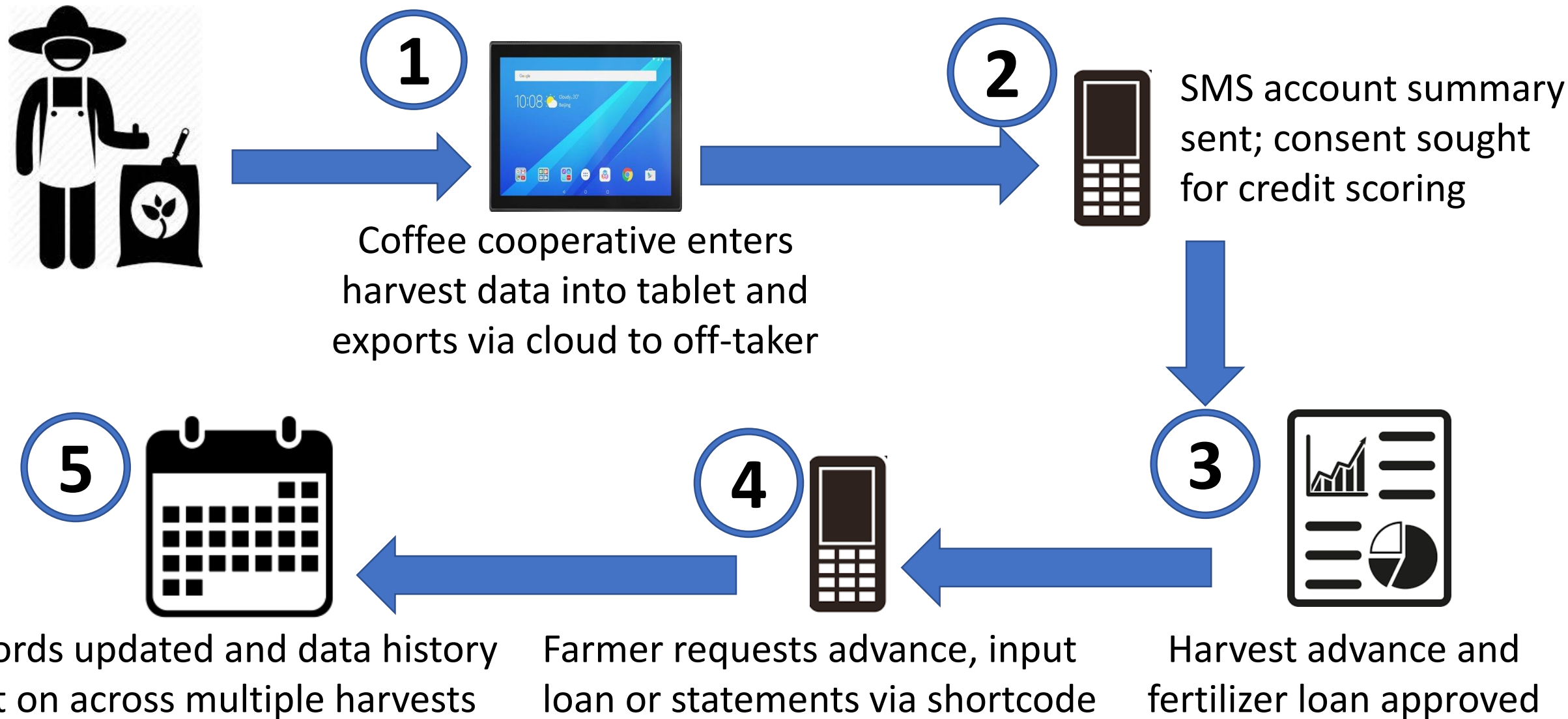
# Mobile and payments Overview

## The SIM- Centered Ecosystem

- ✓ **Layers 1 and 2:** communications and payments infrastructure which enable Layer 3
- ✓ **Layer 3** creates economic innovation, reduces consumers and business costs, improves service delivery, and provides more consumer choice.
- ✓ **Layer 4** is records of consumers and businesses' activities in Layers 2 and 3.
- ✓ If Layer 4 and Layer 3 are open and connected a **virtuous data feedback loop emerges**. Consumers use existing Layer 3, creating records in Layer 4 that allow new providers to enter Layer 3.



# Data-enabled innovations in Agriculture: Coffee Value Chain



Credit: MazeCo

*Agricultural credit flows have averaged less than 20 per cent of total loans since 2000s*

Digital Consumer Forum July 2019

# Key Actors

Category	Example	
Mobile Network Operators (MNO)	MTN	<ul style="list-style-type: none"> <li>- Baseline Identity</li> <li>- Connectivity</li> <li>- Mobile Money Infrastructure</li> </ul>
Mobile Money and e-Money Issuers	MTN Mobile Money, Airtel Money, M-pesa,	
Aggregators	Pegasys, MobiPay, Dmark, Yo!, Cellulant,	- Integration with Mobile Money, cards and other payment platforms
OTT Providers/Fintechs	WorldRemit, Jumia, Mkopa, Fenix, Mkopa, Fenix, Mobile Lenders (Tala, Branch, Jumo)	<ul style="list-style-type: none"> <li>- Offgrid solar services based on KYC data, transaction histories usually via Mobile Money</li> <li>- Ride Sharing Apps (Uber, UberBoda, Bolt, Safe Boda)</li> <li>- E-commerce Platforms - Jumia</li> </ul>
Regulators & Policy Makers	Competition Authorities, Telecom Regulatory Authorities, Data & Privacy Authorities	<ul style="list-style-type: none"> <li>- Telecom oversight</li> <li>- Standards setting</li> <li>- Licensing</li> </ul>

# What are the key threats/Issues

Area	Issues	Evidence
Data Collection Practices	<ol style="list-style-type: none"> <li>1) Take or Leave clauses in collection of key consumer data</li> <li>2) Unclear/difficult to reach terms of service</li> <li>3) Data Collection consent is mainly only solicited at onboarding</li> </ol>	<ul style="list-style-type: none"> <li>- Data terms are often online even for USSD/Feature phone based services (MM, lending)</li> <li>- 20+ terms in basic mobile money contracts</li> </ul>
Unclear & Inconsistent third party Access terms	<ol style="list-style-type: none"> <li>1) Framing of Consent solicitations/requests is skewed against the consumer. Default settings are that consent is implied.</li> <li>2) No opt-out</li> </ol>	<p>You acknowledge that by using the MOBILE MONEY Services, some of your personal information will be available to any third party involved in the operation of the service including without limitation, MOBILE MONEY Cash Merchants, ATM Switch providers and Ericsson AB (as vendors of the MOBILE MONEY money transfer technology platform)</p>

# Key Ecosystem Threats/Issues

Area	Concerns	
Storage and access of PII and transactional data	<ol style="list-style-type: none"> <li>1) Inconsistent rules/procedures with respect to internal data access and controls</li> </ol>	<ol style="list-style-type: none"> <li>1) Cases of identity fraud</li> <li>2) Illegal SIM Swaps</li> </ol>
Competition	<ol style="list-style-type: none"> <li>1) Exclusive Dealing (Bank/MNO, MNO – Ecommerce Platform)</li> <li>2) Denial of service (MN) – E-money Issuer)</li> <li>3) No explicit regulatory obligations on competition</li> <li>4) Jurisdictional uncertainty (competition, IT Authority, NRA)</li> </ol>	<ol style="list-style-type: none"> <li>1) No history of antitrust regulation enforcement in the region unlike in jurisdictions like the EU</li> <li>2) Data silos are prevalent across the ecosystem</li> </ol>

# More on Competition- Data Silos Vs Open Data

## Closed loop MNO-Lender model

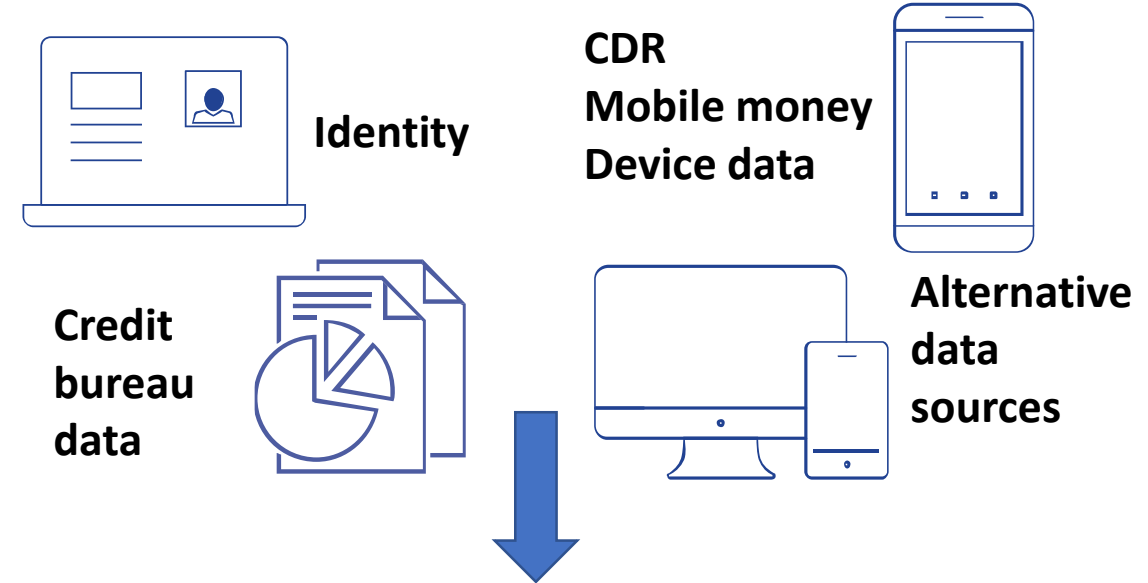


Third-party lender via exclusive partnership

MazeCo

**Vs.**

## Open data lending marketplace



Consumer data profile

Multiple lenders in open marketplace





# Potential Interventions

# Addressing Disclosure and Consent Request

1. **Develop new standards for the terms of consent clauses** whose design principles adhere to the principles of being “specific, informed and unambiguous”. It may be about time that we tap into the field of Behavioral Economics/Science in delivering this mandate.
2. **Continuous consent solicitation** as data collection and usage changes over the customer lifecycle.
3. **Formats & Frames for seeking consent that clearly inform the customer on the type of data processing taking place** and gives the customer the choice to opt out of the service offering if they are uncomfortable.
4. Collaborations with various regulatory bodies and structure the policy framework to address the **clarity of disclosures**, the **naming of 3rd parties** who will have access to the customer's data and the **enforceable obligations 3rd party processors should comply with** as well as the attendant liability
5. **Develop in-house regulatory capacity** to enforce these aspirations.
6. Behavioral Science approaches and lab testing may be useful in addressing framing and behavioral nuances that may be used against consumers. (CGAP & Busara Lab may be useful partners. See CGAP Focus Note - <https://www.cgap.org/sites/default/files/researches/documents/Focus-Note-Applying-Behavioral-Insights-in-Consumer-Protection-Policy-Jun-2014.pdf> )

## Standards and supervisory practices related to data security

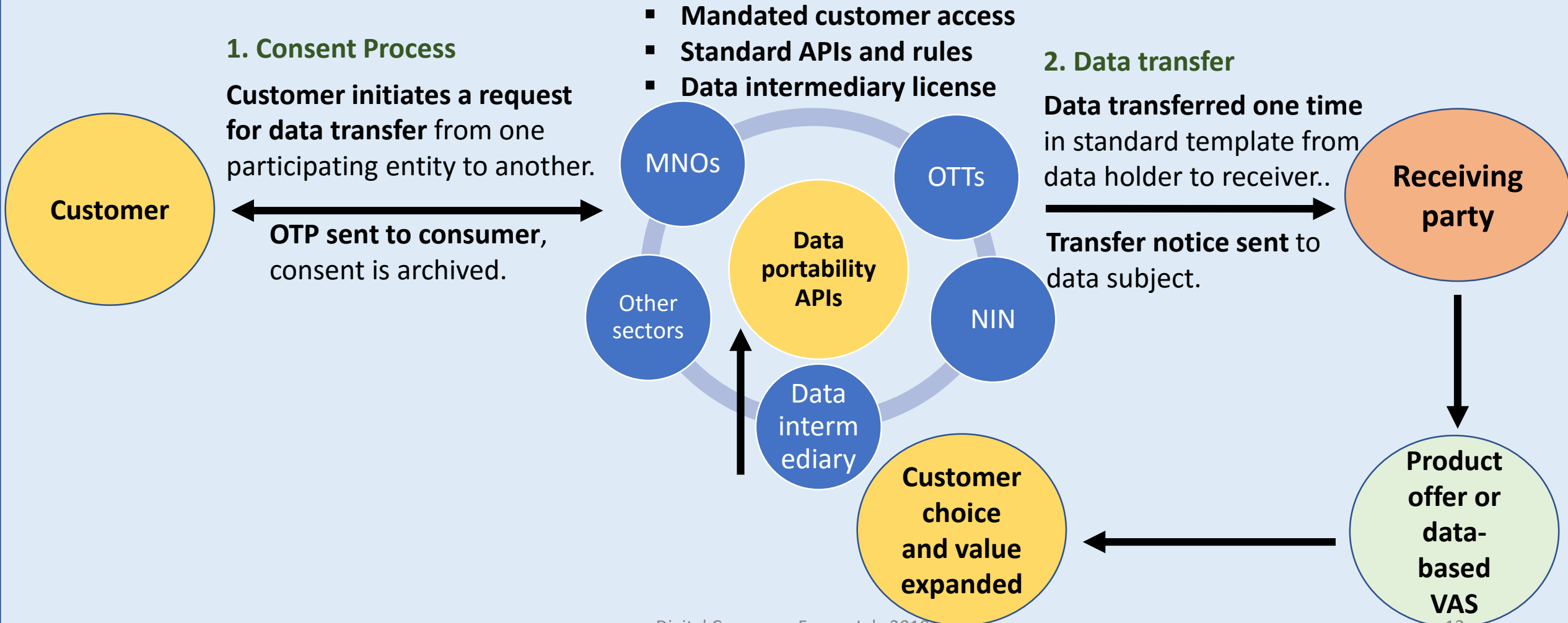
1. **Develop standards around data security assigning accountability of data security at the right level, which is ideally the Chief Executive 's responsibility** across all Data Handling agencies
2. **Establish clear data security standards and obligations to be adopted by all types of data-centric service providers.**
  - The standards should address **vulnerability assessments and penetration testing activities**, internal access controls
  - a robust Penalty & Investigation regime** to cater for organizations that tend to have serious security lapses that occur due to negligence or lack of due care by the data controller and/ or 3rd party levels.
3. Active engagement the market by performing regular **information security audits**
4. **Mainstream the role Cyber Incident Response Teams & Frameworks**

# Competition policy recommendations

**Develop guidelines on competition in data usage** for consumer control and third-party access to drive innovation and competition

- I. **Rights of data subjects to access their telecommunications data.** Ability to review, receive copies of, and restrict access to data being collected by service providers.
- II. **Data portability.** Rights and standards for the direct transfer of a consumer's telecommunications data across service providers. (Compare with Number Portability) .
- III. **Provisions restricting anti-competitive practices in the use of telecommunications data.** Fairness, Reasonableness and Non-discrimination obligations
- IV. **Reporting obligations on data requests, access.**
  - I. Establishes requirements to submit regular reports on data subject and third party data requests, including type of data requested, whether transmission was successful, date of transmission, and evidence of customer consent.

# Probable Data portability pilot schematic



# Competition policy recommendations

## **Consider new oversight mechanisms to address Aggregators and Global OTTs**

- **Registration of telecommunications data service providers.** Any firm using consumer digital trails/ data should register in-country. This is best delivered through adoption of common regional positions.
- **Authorization to participate in data portability regimes.** should have to undergo a formal approval process, and adhere to legally binding standards and ongoing supervisory checks.
- **Revise licensing regimes in relation to aggregators,** These aggregators serve as go-betweens that can help consumers store, manage and independently capitalize on their data and should be subject to more stringent oversight

Thank you