THE LAW AND ECONOMICS OF INTERMEDIARIES OF PERSONAL INFORMATION

Giacomo Luchetta

L’Analyse économique des données personnelles

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ARE WE MISSING ANYTHING?
ARE WE MISSING ANYTHING?
THE AIM OF THE TALK

This talk explores a class of firms active in many different industries:

Intermediaries of Personal Information

- They collect personal information in exchange of money, goods or services
- They use personal information to create connection between goods/services and users

*In information economies, connection, not scarcity, becomes the most important determinant of value*
THE AIM OF THE TALK

• At what conditions can firms exploit personal information?
  • Consequences in terms of business model
• Is economic regulation treating intermediaries of personal information consistently?
  • Uneven privacy norms regulating access to and processing of personal information
  • Uncorrect understanding of competitive dynamics
PERSONAL INFORMATION ECONOMY

Personal Data is the “New Oil”

Consumer-Data Commercial Revolution

Value Depends on Connections

Intermediaries of Personal Information
INTERMEDIARIES OF PERSONAL INFORMATION
How do Intermediaries Create Value?

✓ Generating Efficiencies
✓ Targeted Advertising
✓ Predictive Analytics
✓ New Form of Interaction
✓ Data Trading
Intermediaries of Personal Information

Suppliers

Intermediary

Advertisers
Intermediaries of Personal Information

- Suppliers
- Intermediary
- Recruiting Companies
Intermediaries of Personal Information

Suppliers

Intermediary 1

Intermediary 2
INTERMEDIARIES OF PERSONAL INFORMATION

Suppliers

Intermediary

Customers

Intermediaries of personal information suppliers and customers.
# Intermediaries of Personal Information

<table>
<thead>
<tr>
<th>Significance</th>
<th>Condition</th>
<th>Nature of Information</th>
<th>Relevance of Information</th>
<th>Support</th>
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<tbody>
<tr>
<td>Pure</td>
<td>Online</td>
<td>Punctual</td>
<td>Non-Functional</td>
<td>Medium</td>
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<td>Information-Object</td>
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ECONOMIC REGULATION

Intermediation of Personal Information

- Negative Externalities
- Irrational Choice Patterns

Regulation of Privacy

- (Un)even playing field?
- Correct understanding of the competitive dynamics?
ECONOMICS OF PRIVACY
THE EARLY CHICAGO VIEW

Information is Good for the Market
Privacy Regulations is Detrimental for the Market
ECONOMICS OF PRIVACY
A COMPLEXIFIED ANALYSIS

Multiple Interactions

Benefits for Consumers Depend on the type of Information Disclosed

Negative Externality
ECONOMICS OF PRIVACY

Negative Externality

The Market will Produce too much Personal Information
**BEHAVIOURAL ECONOMICS OF PRIVACY**

- Random Future Costs
- Unknown Probability

“**Irrational**” Choice Patterns

- Limited Information
- Complexity (also technical)
- Bounded Rationality
- Psychological biases

**Individuals are likely to disclose most information in most cases**
What is Law Missing? A Cross-Sectoral Approach

Online Data Processing

Telecom Operators

Device Producers

Software Producers

Over The Top Players
What is Law Missing?
Access to Personal Information

Email Scanning
SMS Scanning
Deep Packet Inspection
What is Law Missing? Relevant Markets

Suppliers

Intermediaries

Advertisers
THANK YOU!

Giacomo Luchetta
giacomo.luchetta@ceps.eu