experian™

Delivering value in the digital age

Exploring UK attitudes towards data

Foreword

Today's world runs on data. We all leave footprints in the digital world, from the profiles we build of ourselves online, to the countless internet searches we conduct each week, to the information we share via a myriad of apps downloaded on a multitude of devices.

The proliferation of new technologies has meant that those footprints – the information and data generated through our digital actions – are seen, recorded and analysed, not only by the service providers but often by their partners as well. Data is everywhere.

The quality, management and understanding of that data is crucial for both businesses and society. It allows businesses to develop better products and services, and it is also the key to building better relationships with consumers.

In order to build those relationships, we (the business community) must recognise that the information belongs first and foremost to the consumer. It is their data. We are its custodians, and we must act accordingly, to make sure that people understand and are comfortable with our sight and use of that data.

We must be able to build trust, whilst meeting all the associated obligations that come with the responsibility of managing huge volumes of personal information in a complex digital world – prioritising security and transferring that data both safely and efficiently.

At Experian we process over 1.5 billion records a year. We believe that data can empower, and we want to help people understand the positive role that it can play in their lives and how it can help improve their financial circumstances. In order to do that, we must understand how good that understanding is today. How far have consumers come on the 'data journey'? Do they appreciate the control they have, their rights, and access to their data? Do they trust the caretakers of that data to do the right things with it, to protect it, to manage it, and to look after it on their behalf?

Getting this right is more than just important. It is the responsibility of companies like ours to help people understand what information exists about them, where it goes, what it means, and how they can use it better.

In May next year, the arrival of the EU's General Data Protection Regulation (GDPR) will see a new enforced focus on consumer rights in this space. We will also see the advent of new data driven initiatives such as Open Banking, designed to give consumers more freedom to choose the products and services that work for them. These initiatives make it imperative for the business community to find better ways to communicate with consumers about why we have their data, what we do with it, and how they can use it and control it in the way they're most comfortable with.

That's why we've commissioned this research. To help us, and you, understand how people in Britain feel about the way their data is kept and used today. We've done it because we want to have this conversation both with the business community and with people themselves. It's their data, and we want to make sure they're empowered, comfortable and confident in where it is and how it is being used.

True innovation can only be fostered in an environment of understanding and trust. We hope this is the first step in building that together.


Charles Butterworth
Managing Director,
Experian UK & Ireland,
and EMEA

Introduction

Data sharing is a part of everyday twenty-first century life.

Many of the digital services that people know and love, from entertainment shows and music services to taxi hailing apps, use personal information to build a deep understanding of the person and their preferences.

As a consequence of this growth of highly personalised experiences, digital services/app usage has exploded and the amount of data produced by, and about them, has skyrocketed. IDC predicts that the digital universe will reach 180 zettabytes (180 followed by 21 zeros) in 2025. They suggested that in 2013 there was only 4.4 zettabytes of data in existence.

7 facts about data: .

1 90% of cars will be connected by 2020. Just one autonomous car will use

4,000 GB

of data a day

2 ## 90%

of the world's data has been created in the last 2 years

3 ## 2.5

quintillion bytes of data are generated by people

4 ## 300

hours of video are uploaded to YouTube every minute

5 every day, there are

350 million

tweets, and

1 billion

shares via Facebook

6 In 2015, there were about

15.4

billion connected devices. This number will grow to 75.4 billion by 2025

7 Global mobile traffic grew by

74%

last year

The value exchange

In general, most businesses feel that if they can utilise personal information they can deliver a better, more personalised customer experience. Why? Because that's what data delivers. The ability to have tailor-made connections with your customers based on real insights. But this exchange and the value it delivers to the customer isn't always obvious.

If we look at it simply, then we assume people understand what is taking place. We also understand that convenience is essential in a hyper-connected fast moving world. But when you look at how this exchange of data for service and convenience takes place, then there is often a lack of clarity. We ask them to read often lengthy, complicated terms and conditions. And in reality, they may well skim through the Ts and Cs without actually paying full attention to what they are agreeing to.

This then opens the debate about how comfortable people actually are with sharing their personal information. You, we, may think we have told them everything they need to know, but has it all sunk in? Have we helped them to understand this?

Increasingly, people are prepared to share their data if they consider the exchange to be sufficient, or if the product or service they receive in an exchange is one that they place a high enough value upon.

The 'Experian/Consumer Intelligence 'Data Preferences' Survey, 2016' found that 49% of customers are prepared to give their data to brands they trust, while 69% were happy for brands to use their personal information to send them discounts on products and services that they really want.

Even after this, however, the use of that data still opens a number of understandable concerns for many people. Among them are identity theft, intrusive and irrelevant advertising or other unwanted communications – spam, for want of a better word. In a data-driven world, businesses have a responsibility to explain how data is used for good. How it can help to deliver services and offer better details. Any value exchange needs to be built on a foundation that explains and advocates this.

Data needs to be used in a controlled way that has value for and balances the rights of the person who is sharing it and this needs to be transparent. What one person is fully aware of and comfortable with sharing, another individual may not be. It's a complex area and a better understanding of how different people view the process is required, so that we can progress the dialogue about how data is used – establishing what we are all comfortable with and what we are not.

That's why we sanctioned a comprehensive research programme into this topic. Specifically, we sought to discover:

- How aware people are of data sharing

- Understanding why customers value privacy, and the contrasts with what is shared socially online

- How different people approach the value-exchange in terms of data sharing

- Understanding the different drivers to agreeing to, and being comfortable with, data sharing

Experian Innovation Lab research: Discovering what customers really understand about the data economy

Our research programme focussed on drawing insights about people's attitudes towards data based on the following primary lines of enquiry:

- Identify the apps and services that consumers are using and to understand what motivates consumers to download, use and share their personal information via these apps.

- Explore how aware consumers are of what sharing and use of their data these apps/services are doing.

- Explore how much consumers care about sharing bank account details (mandatory/voluntary) and why, and understand the role of privacy in deciding to share.

- Gain a deeper understanding about the types of data they're sharing and whether they've shared their financial transaction statements before, and their concerns in this area, particularly around privacy.

From these interviews a clear picture emerged of four types of people, with four distinct attitudes to data sharing and the value exchange. Their motivations are driven by six core factors that affect their data behaviours.
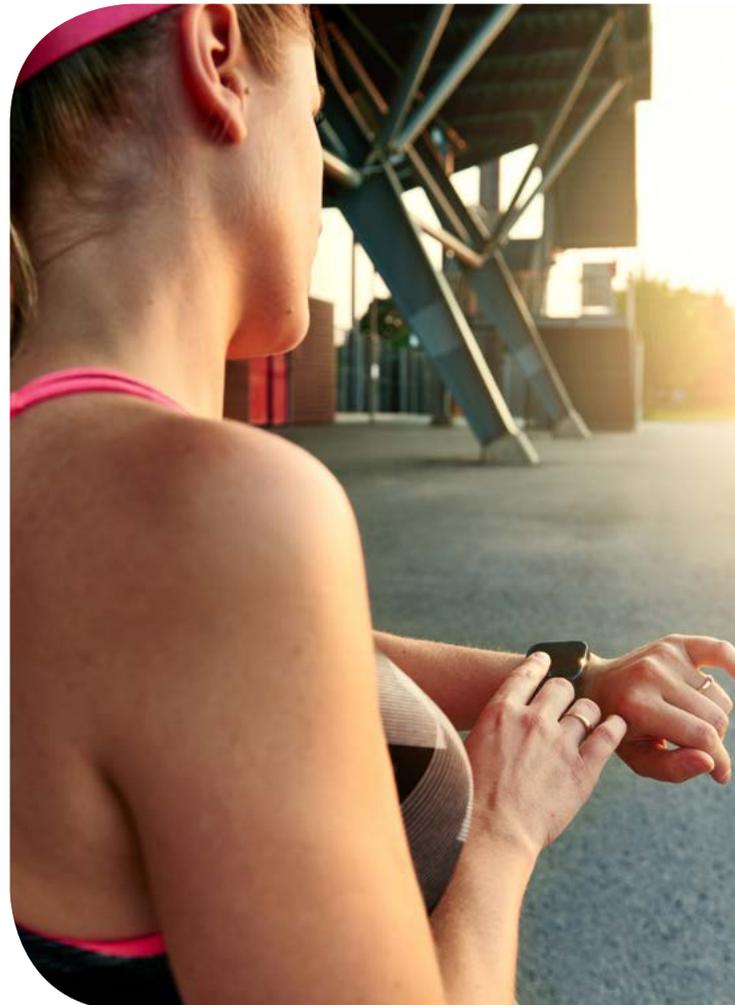
What are customers' perceptions about sharing their data?

Overall, many people understand the value exchange that enables them to use the services that our digital, data-led economy has opened up, including keeping the internet free

Some types of customers recognise that they own their data and accept the responsibilities that come with this ownership. Others resist sharing data or actively seek to obscure their real selves during interactions.

Our research shows some significant divides in the way people feel about sharing data. Some are comfortable with the idea that the more they share the more they get, while others feel the more they share the more of themselves they give away, without valuing what they receive in return. That said, this increased awareness has not meant that more people are shying away from sharing their data, nor has it hampered the growth of the data market.

In fact the research shows that some of the most popular apps, such as social networking, emails, and messaging, provide such a high perceived value, that people are very happy to sign up for them without quibbling over the data sharing aspects.

"I have downloaded and deleted so many apps and admit I never look at the 'terms and conditions' before clicking on 'I agree' but [I am] vaguely aware that giving permission would allow the company of the apps access to some of my personal data."

- Francis T

Francis' comment is typical of the attitudes of many – though there are key differences, as we shall demonstrate. There's a sense of the value exchange, but not of the detail that underpins the access to the services consumers sign up to.

Their social personas are not "the real them"

There's also a contradiction at the heart of the data sharing discussion. In some senses, people are sharing more about themselves than ever before. Visit a friend's Facebook page and you might quickly find out where they are, who they're with or what their relationship status is. Turn to LinkedIn and their job title and career history is open to all to see.

But whilst the level of seemingly personal information that is shared on social media sites has grown with the number of users since the advent of such platforms, the truth is that these are only projections of the 'real self'. Most people's social media profiles have elements of the truth within them, but the image which projected via these platforms is curated by its owner.
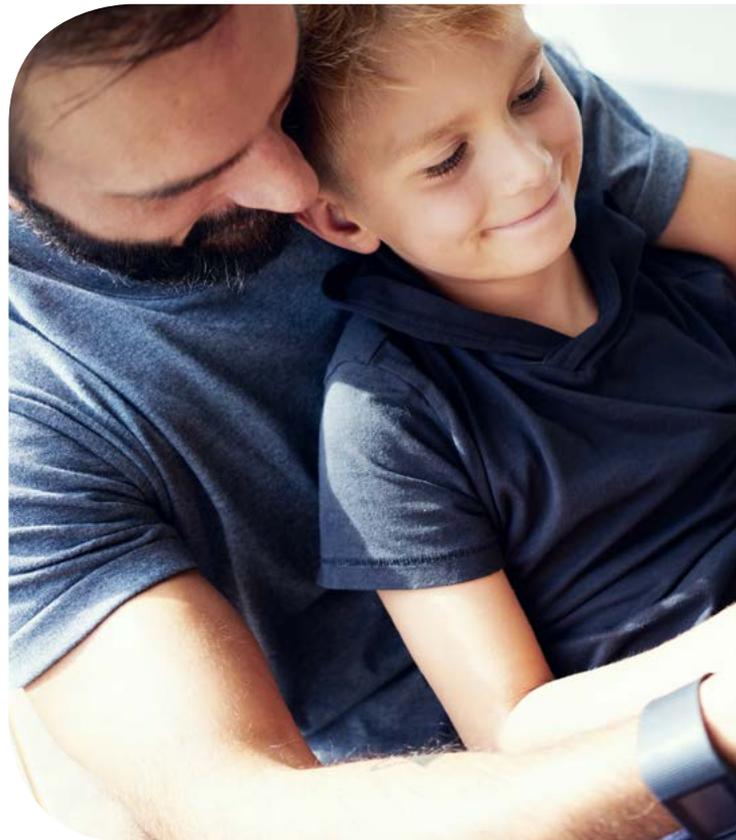
Financial data is not shared lightly

Understandably, people are particularly cautious in how they treat the sharing of financial data. Our analysis shows that one of the main reasons customers hesitate to share financial details, is that they worry about how it may be used and shared. Some people, like Katie, feel more exposed when it comes to their financial situation being shared and therefore being more transparent on how it is being used may help her understand, and engage. This, in turn, will help you to gain her trust.

"I was applying for a loan, therefore my financial situation wasn't great - otherwise I wouldn't have been applying for the loan in the first place. They needed to look over my bank statements to make a decision, but I knew that they'd decide that I wasn't doing very well financially. It was horrible."

- Katie S

But, when a significant life event hangs in the balance, such as getting a mortgage, they become more accepting of the purpose and need to share their data. People see this as a value based transaction and are willing to do so as it is clear on what the outcome will bring. In this example, their dream home. It is a need and a want that is initiated by their emotional need and desires.
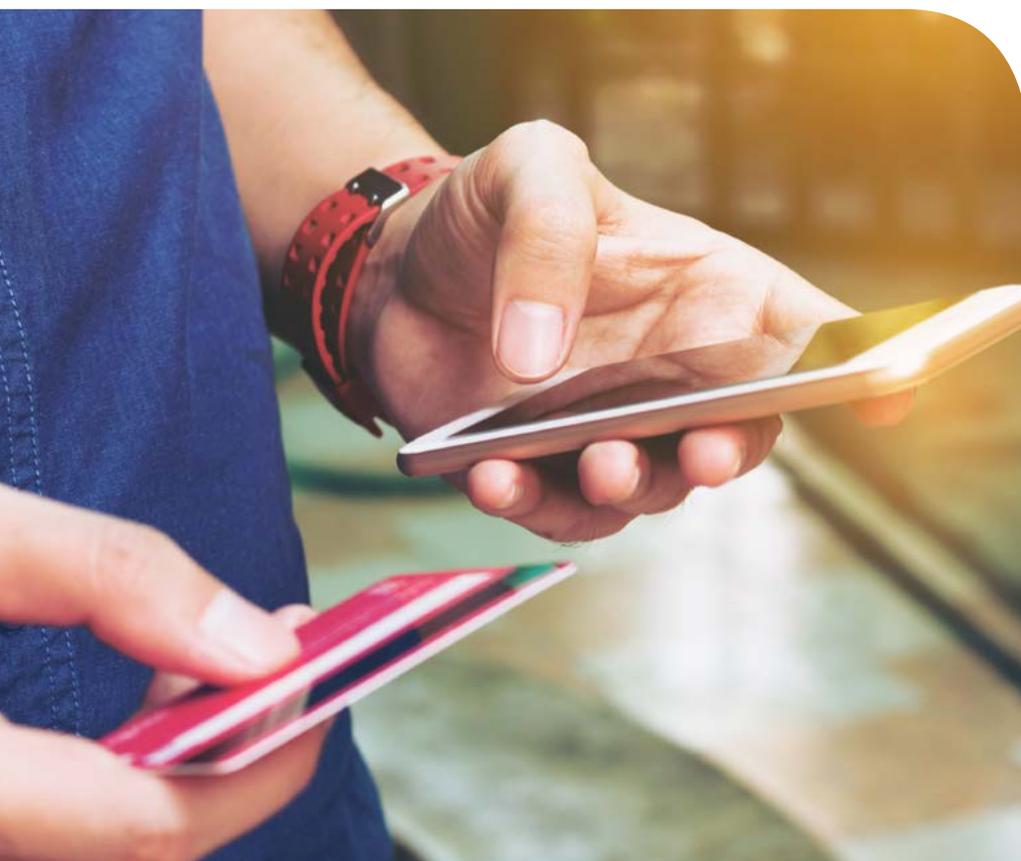
The six drivers affecting a decision to share data...

Whatever their attitude to sharing data, people will also use the following key factors to decide whether or not they are willing to engage with a company:

1. Proximity to purpose

Is there an actual need to have, or give, this data?

If data is required for a specific functional purpose that is obvious and clear then they are more likely to share. For example, a map service on your smart phone directly requires your location to operate, but access to the microphone is further away from the core purpose of the app, even if voice dictation of destinations is a feature.

2. Obligation or accessory

When the sharing of the data is mandatory or an accepted norm, people will be more willing to share.

It is commonly known that to get a mortgage, what a person is spending their money on is taken into account, it's mandatory to proceed. People are more comfortable sharing this information in this scenario than they would be where it is optional (an app helping you manage your spending better). Similarly, when friendship groups are all on WhatsApp (and therefore also sharing the default data), barriers to data sharing reduce.

3. Day-to-day value

What are the benefits of sharing data?

When there is an everyday need for the service, a decision to share data is likely. Social circles can play an important role here, with a ripple effect from friends signing up first and sharing their trust and value in the brand.

4. Significant life stage

How necessary is sharing data for that 'next step'?

People are quick to judge how necessary sharing data is. This depends on the significance of the service or product to them as individuals. For example one of the people involved in the study referenced the level of extremely intimate information that they shared with BabyCentre about their baby, in exchange for help and support through the early years of parenthood.

5. Trust in company

Is the company trusted?

If a person feels comfortable that the business will protect their data and not misuse it, then the trust will influence their decision to share in this scenario. If the company is not already well-known it will need to work harder to earn customer trust, for example a new entrant to the market vs. a traditional longstanding brand name.

6. Privacy of data

What kind of, and how private is the data that is being asked for?

Consumers will have different attitudes towards sharing data depending on how private or intimate the data is. Financial data, health data and sentimental family photos are all types of particularly private data that will drive greater rejection to sharing.

The four key attitudes to sharing data

Our research found people's attitudes towards data sharing can be divided into four distinct groups, "The Unaware", "The Acceptor", "The Cautious" and "The Incognito".
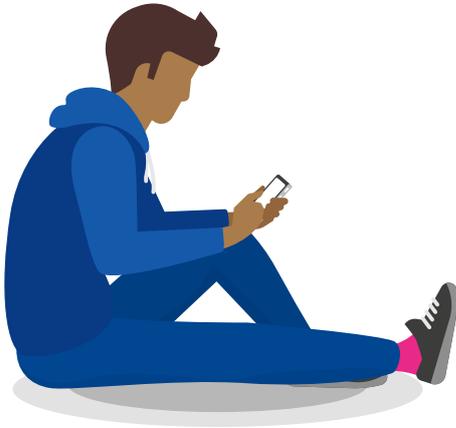
Group size in the UK:

22%

1. "THE UNAWARE"

Unaware of the way in which some companies wish to use their data in order to provide them services, these customers are often very excited to access the product or service they desire. They click 'accept' without really understanding the consequences.

- If their understanding of the use of their data is not nurtured, then these customers may feel cheated if their perception of the value-exchange is not positive.

- Many of these customers will unknowingly have apps on their phones that track things like their GPS location.

- Once this group become aware of the extent to which their data is being used their reactions can be quite severe.

How to engage with them:

✓ **DO:** You need to design data management policies, Ts & Cs and customer support which allow for people to understand them in as clear and concise way as possible. When these customers find out what's being tracked, they're likely to want to understand why. Make it very clear what data is needed, why it's needed, and how it's used. Consider nudging your customers towards reviewing their settings so that any changes with T&C's cannot be a 'surprise' when customers decide to check up on the value exchange.

✗ **DON'T:** Assume that just because consumers are quiet that they fully understand the deal that has been struck. Information about data use should be clear and any assistance to help understanding should be freely offered.

"I didn't realise they were taking so much info. What do they want with your photos? I would on principle not use a company ever again if I thought they were taking too much. I'm very serious about that, I've stopped using many companies that I don't trust and I'll never go back to them. I will also deter others from using them."

– Aoife T

Group size in the UK:

41%

2. "THE ACCEPTING"

Accepting, but not thrilled with the amount of data they are asked to share to use digital services, some people simply see it as an inevitable trade-off.

- This group realise the world is changing and 'go with the flow' to allow companies to use their data in order to get what they need from the services they feel they have to use.

- Despite their acceptance, they're not truly comfortable with this state of affairs and share details with a level of concern.

How to engage with them:

✓ **DO:** Help your customers to fully understand the need for sharing their data. This is where the value exchange is so crucial. If you can help guide them on the benefits they will gain in sharing their data, they will see the value and most likely share.

✕ **DON'T:** Push the boundaries of what you're asking for from your customers, just because they will accept it, everyone has limits. Everyone is different and it may not take much for them to change their mind.

"All these companies want data. That's just how it works. If I didn't want my mobile phone provider to know anything about me, I'd keep their apps off my phone, but they still know everything about you because you're a customer. I'm quite sanguine about it. You're being tracked whatever you do, if you walk down the street you're on camera. If you drive your car up the road, you're on camera. Don't worry about it, get over it."

- Paul B

Group size in the UK:

28%

3. "THE CAUTIOUS"

This group of consumers are by nature cautious with how they approach the data exchange. Particularly those who have experienced poor experiences in the past. Before they share any information they will want to make sure that the company who is asking for their data is legitimate and that they understand fully the relationship they are entering into.

- They want to know everything about why their data is needed, how it will be used, by whom, and how it will be protected. For the cautious, it's not that they won't exchange value, it's that they want to dig deeper before clicking, "I accept".

- Reassurance, transparency and trust are crucial to ensuring this consumer clicks to accept.

How to engage with them:

✓ **DO:** Make it as easy as possible for them to quickly understand how credible your company is with data protection, processing and security. Make it clear why the data is needed. Build towards a situation where they are happy to share their data, but don't expect it to happen quickly. You will need to take time to build confidence with this group.

✗ **DON'T:** Tuck away the information about your company's data principles in a hard to find corner of the app or website, or in reels of small print. Something which should be considered best practice for all businesses regardless of which consumer group you are engaging with. However, you won't be able to rush this group, and there is probably not a one size fits all approach to building trust and overcoming their natural hesitation.

"I had location on for most of the apps and have now switched it to 'only when using'. As far as I could see they could not access any more details than I gave them when I logged into the apps. I reviewed my social media security recently and tightened it up even more so friends of friends could not contact me."

— Pauline C
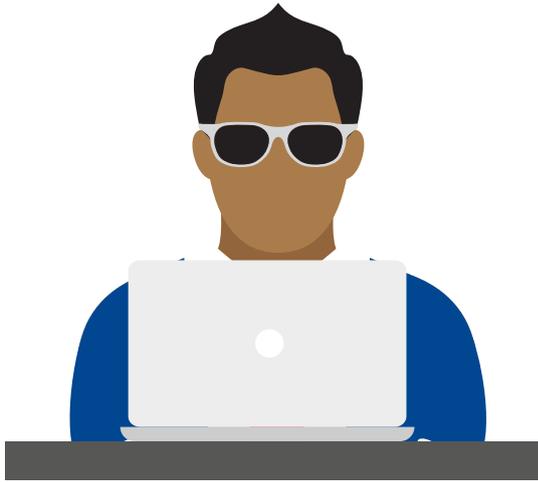
Group size in the UK:

9%

4. "THE INCOGNITO"

This group has adapted to their environment by figuring out how to navigate data sharing without revealing any information that they do not want to share. They have developed defence mechanisms to prevent them receiving the unwanted 'hassle' or surveillance they perceive as part of the digital economy.

- They set up second alias email accounts so that they can't be bombarded online and use an alternative delivery address to protect their main address from the spam emails they believe will follow them otherwise. They also typically use Google's "Incognito" setting to browse the internet.

- Getting access to their actual email address, or their actual data, isn't insurmountable, but you need to build trust with them first.

How to engage with them:

✓ **DO:** Gradually ask for extra contact information. Once you build trust and confidence with this group, they are more likely to be open to sharing their information.

✗ **DON'T:** Use fragmented and unclear processes. Ask for what's required at each stage when it is required and make the customer journey as seamless as possible. Only ask for information if it is absolutely necessary.

"I quite often give my work address when companies ask for it, I know the postcode checks out and it doesn't look like an office address. So I give them that address and I avoid the hassle!"

— Wayne S
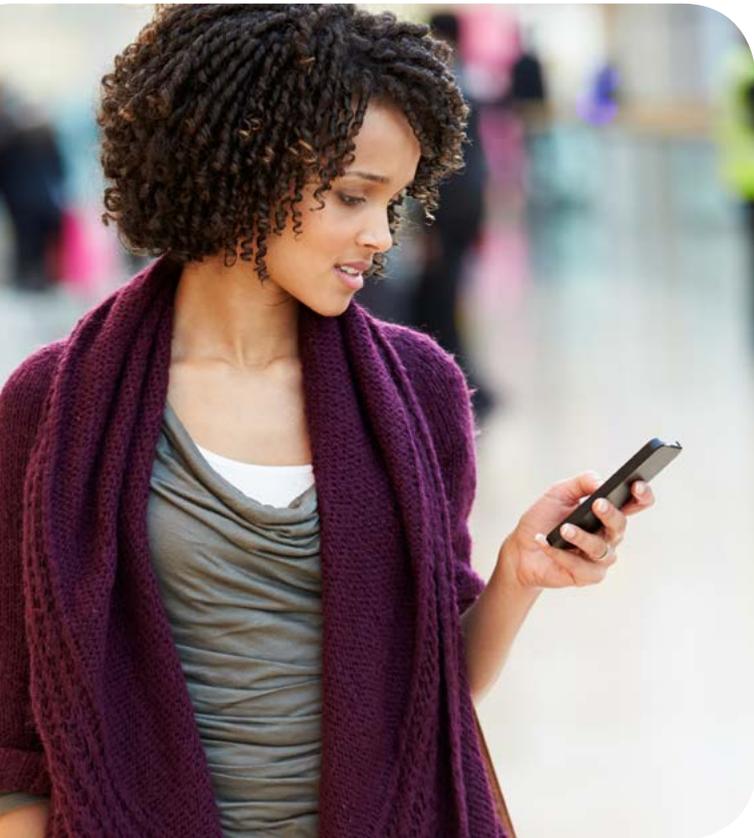
What companies need to do now

1. Be explicit about what data is being used and how. Explain how sharing this data will benefit both parties to create a relationship based on integrity.

2. Avoid jargon and unnecessary complexity when explaining terms and conditions. Acceptance clauses that feature unfamiliar and inaccessible terminology make consumers suspicious of underhand practices.

3. Don't overstep the mark and ask for too much information which won't demonstrate a clear value exchange.

4. Acknowledge the level of sensitivity of information you are asking for and be aware of how the request might be perceived by the respondent.

5. Reassure consumers about your information security and usage.

6. Don't underestimate your customers' abilities to judge for themselves what they will and won't share. Offer them empowering choices, rather than trying to control them.

7. Make it known which regulatory bodies your business is accountable to.

8. Put your customer first. Centre them in the heart of your business. Guide them to how they can opt out and explain everything to them clearly and helpfully.

The value exchange is at the heart of data sharing

If businesses can get their approach to the value exchange right by demonstrating integrity through better data stewardship, transparency and accuracy, everyone stands to win. People will continue to enjoy the services and products that best meet their needs, while benefiting from a clearer understanding of where their personal information sits. Businesses will build up a clearer picture of who their customers are and how best to interact with them. And ultimately the relationship between brand and customer will be based on trust. Building that trust will, in turn, deliver better business outcomes. That's what is meant by a true value exchange.

The major challenge for brands today is to establish enough trust with their customers so that they willingly share more about themselves. When sufficient trust is in place, the relationship moves from being one of commercial exchange to become a genuine emotional connection. In a world where customers are fickle and choice is everywhere, it is more important than ever for brands to build deeper relationships with their customers.

Conclusion

We are all living through a time of accelerated technology-driven change. And it is only going to get faster. The digitalisation of our world has led to a scenario where people are creating an exponential amount of data, every day. It's estimated that our current output of data is roughly 2.5 quintillion bytes per day and that's only going to grow, as the world becomes more connected to an ever-increasing number of electronic devices.

The transparent, secure and effective use of data has the potential to transform businesses. It also has the potential to empower and better serve customers. But people must feel comfortable and in control of the opportunities data can bring.

There is a clear role for the business community to play in addressing understandable concerns around privacy and security.

Data is now part and parcel of our daily lives and you don't need to look too far to find some real-world examples. Our connected cars generate 25GB of data per hour, while the autonomous car will generate 4000 GB of data per day. In the home, most electrical devices will soon be internet enabled and connected to intelligent hubs, creating a market which is forecast to rise to be a $490bn business by 2020.

However, what is clear from our research is that there are different levels of understanding about how data is collected and used by organisations. Specifically, how this is being used to power the products and services. Clearly we need more dialog and more openness about how data is collected and used for the benefit of our customers.

There are so many great advantages that new data-driven technology can bring. Yet the way data is used to make things work isn't something that has been communicated sufficiently as yet. Some key events on the horizon have the potential to change that, including significant changes to data regulation in the GDPR, and through Open Banking.

The central theme of the European Union's General Data Protection Regulation (EU GDPR) is to keep customer interests front of mind at all times. It's a fundamental step for customers as they are empowered with more control of their data. As businesses it is your, our, duty to earn their trust. And this can only be done when we clearly demonstrate how we are using their data and this is being done to the highest standards available.

Any lack of transparency, poor practices or unclear messages will do more than damage a reputation – they will jeopardise a customer's willingness to share their data in future. However, we see this as a great opportunity for organisations to put their customers firmly at the heart of your business model. There is a great opportunity for you to build more transparency and trust with your customers by using their data in a clear and coherent way that is underpinned by an obvious benefit to the individual.

The emergence of Open Bank APIs into the UK is also a landmark event. For customers, for us as individuals, it will provide better direct access to our data. Enabling us to use it to get better

products, better services and save time. If you as an organisation choose to embrace it, it will enable you to engage with your customers in new and more powerful ways. It will help you to be more automated, increase your efficiency and deliver better insights and decisions. And, within all of this offer your customers more meaningful and timely services.

One of the improvements that we see centres around enabling people to make better affordability assessments based on real income and real expenditure, something which was recognised by the FCA as a key focus in their report on 'Creditworthiness and Affordability'.[1]

The highest quality decisions are made on affordability when there is sufficient data available. If we can build towards a scenario whereby individuals are willing to share more data, in order to drive the type of decisions they want, giving them access to financial products and services that are right for them, faster and more efficiently, then that can only be a good thing. But if we don't explain how this process works, clearly and concisely, demonstrating a genuine value exchange, then we will miss the opportunity.

Data can drive innovation and make hugely positive changes to the way the world works, but we need to start building more awareness and confidence about how it is used. The opportunities are boundless and we need to seize the moment to build trust and understanding about how the power of data can be harnessed. It's an important step in the data revolution, but if we can get it right then we can move forward to a data powered future that can really enhance all of our lives.

[1] "Assessing creditworthiness in consumer credit: Proposed changes to our rules and guidance", Financial Conduct Authority (FCA) Consultation Paper, July 2017

Delivering value in the digital age | Page 15

About the research

Experian's trusted customer agency, C Space, gathered the insights that have been presented in this paper through an in-depth engagement with members of the British public. Over 12,000 hours of customer involvement in online discussions and interviews provided initial insights and informed a comprehensive quantitative study with over 2,000 individuals.

C Space runs The Experian Innovation Lab, an engaged community 300 Experian customers and prospects, which is where the qualitative element of the study was hosted.

The aim of the work was to find out what fits under data sharing and privacy in consumers' minds. To understand their behaviours and attitudes towards them, and to use these insights to suggest the opportunities for organisations to deliver a thoughtful and well-understood value exchange.

This document is intended as a general guide and not detailed legal or compliance advice