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FTC Releases New Report on Big Data

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On January 6, 2015, the Federal Trade Commission released its report on big data entitled [Big Data: A Tool for Inclusion or Exclusion? Understanding the Issues](#). The report is a compilation of a seminar on alternative scoring products, the discussions at a big data public workshop held on September 15, 2014, and other recent research and public commentary on the issue.

The report begins with an overview of the life cycle of big data, from collection to use, and specifically focuses on the benefits and risks of big data analytics at various times through the big data life cycle. The benefits highlighted in the report include increased educational opportunities for disadvantaged students, better access to credit using non-traditional methods, better healthcare in rural and low-income areas and a more diverse workforce.

The risks of big data analytics include inadvertent discrimination based on inaccurate algorithms, exacerbating disparities between high and low income communities, the exposure of sensitive information, an increase in targeted fraud and scams, price discrimination and reductions to the effectiveness of consumer choice.

The majority of the report provides guidance for industry on how to mitigate the risks associated with big data when using big data for business purposes. The report also stressed that companies should understand and comply with existing laws that apply to big data, including the Fair Credit Reporting Act, equal opportunity laws and the FTC Act.

Finally, the report provides specific questions organizations should ask when applying big data analytics:

- How representative is your data set?
- Does your data model account for biases?
- How accurate are your predictions based on big data?
- Does your reliance on big data cause ethical or fairness concerns?

The report notes that the FTC will continue to monitor the use of big data and bring enforcement actions against companies that violate law when using big data practices.

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