

Separate Statement of Commissioner Maureen K. Ohlhausen
Big Data: A Tool for Inclusion or Exclusion?
January 6, 2016

I support today's report on big data as a useful contribution to the ongoing policy discussion about the effect of big data analysis on low-income, disadvantaged, and vulnerable consumers. One part of the report summarizes the concerns of several privacy advocates and academics over the potential inaccuracies of big data analytics. I write separately to emphasize the importance of evaluating these opinions in the context of market and competitive forces affect all companies using big data analytics.

The report details the use of big data as it affects low-income, disadvantaged, or vulnerable consumers. Importantly, the report also notes that big data analysis will produce incomplete or inaccurate results, and that actions based on such flawed analysis will harm low-income, disadvantaged, or vulnerable consumers.

¹ For example, some worry that companies may use inaccurate big data analysis to deny opportunities to otherwise eligible low-income or disadvantaged consumers, or to fail to advertise highly lending products to eligible low income customers.²

Concerns about the effects of inaccurate data are certainly legitimate, but policymakers must evaluate such concerns in the larger context of the market and economic forces companies face. Businesses have strong incentives to seek accurate information about consumers, whatever the tool. Indeed, businesses use big data specifically to increase accuracy. Our competition expertise tells us that if one company draws incorrect conclusions and misses opportunities, competitors with better analysis will strive to fill the gap. Therefore, to the extent that companies today misunderstand members of low-income, disadvantaged, or vulnerable populations, big data analytics combined with a competitive market may well resolve these

¹ FED. TRADE COMM'N, BIG DATA: A TOOL FOR INCLUSION OR EXCLUSION? UNDERSTANDING THE ISSUES 8-11, 25-27 (2016). The report also references other concerns that big data analysis will be used to: companies will understand their consumers too well and misuse that data to the consumer's detriment. Market forces also constrain many such potential harms, but each harm could actually undermine market forces. For example, the report describes concerns that unscrupulous businesses will use big data techniques to develop "sucker lists" of consumers particularly vulnerable to scams and misleading offers.

misunderstandings rather than perpetuate them.⁴ In particular, a company's failure to communicate premium offers to eligible consumers presents a prime business opportunity for a competitor with a better algorithm.⁵

To understand the benefits and risks of tools like big data analytics, we must also consider the powerful forces of economics and free