



Alternative Data Standards “Learning Point” *Personally Identifiable Information (PII)*

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Today’s learning point is about the importance of removing PII from alternative data sets for use by financial institutions for investing and trading purposes.

The amount of data available in the world increases significantly each and every day. Consumer buying habits, location tracking, health monitoring, transactions, jobs data, and many more data sets are generated by the digital economy. This information is deidentified, packaged into alternative data sets, and licensed by financial firms to gain real time insights to inform trading and investment decisions.

With the increase in available data, Consumers and regulators are focusing on strengthening protection of personal information. PII includes, but is not limited to national identifiers, such as Social Security Numbers, names, phone numbers, IP addresses, device IDs, online identifiers, account numbers and any other information that could be used to identify or be associated with individual natural persons.

Investment firms perform a review of alternative data sets prior to licensing as they do not want to receive or utilize data sets containing PII. This is because they are subject to numerous state (in the US), national and international laws including rules on the processing of personal information. And, PII is irrelevant to the analysis of data for investment and trading purposes. Therefore, financial firms require their data vendors to submit to a due diligence review (details of the review are codified in the [Data Provider Due Diligence Questionnaire](#)) to define whether they collect any PII. If so, firms want to know whether consent has been obtained by the natural persons to have their personal data commercialized. Vendors need to provide evidence of this consent.

Two key regulations have been enacted recently, both aimed to protect the sale and sharing of personal information.

- 1) [EU General Data Protection Regulation](#) (#GDPR)
- 2) [California Consumer Privacy Act](#) (#CCPA)

This has been a brief learning point on a complex topic. For further information please consult with your counsel. Also join in FISD Alternative Data Council upcoming educational webinars about the standards starting in April.