FINAL REPORT OF WORKING GROUP ON USER INFORMATION SENT THROUGH SMARTPHONE

SUMMARY OF SMARTPHONE PRIVACY INITIATIVE
—INNOVATION FOR A NEW ERA THROUGH PROPER HANDLING OF USER INFORMATION AND ENHANCED LITERACY—

August 2012
Study Group on Consumer Issues with ICT Services
Key Points of Smartphone Privacy Initiative

- **Rapid Growth of Smartphone Use**
  In FY2011, the domestic shipments of smartphones reached 24.17 million units (i.e., about 57% of the total shipments of mobile phone terminals) and at the end of the business year 2011, the penetration rate for households tripled from a year ago; approximately 30% of all households use at least one smartphone.

- **Access to User Information in Smartphone Terminals through Applications (Apps)**
  Various user information, such as action history and a call log, is stored in smartphone terminals. Apps sometimes access such information and transmit it to a third party without notification. In such cases, the purpose of collecting user information is not usually clear.

- As many apps acquire and use user information without providing a sufficient explanation, anxiety among users is mounting.

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**Compiling the draft of the “Smartphone Privacy Initiative”**

- It aims for a long- and medium-term development of the smartphone market by promoting the proper handling of user information and enhancing relevant literacy.
- It puts forward the following comprehensive countermeasures for privacy protection on smartphones in order for users to be able to use the service in a safe and secure environment:
  i) Proposing the “Guideline for Handling Smartphone User Information” to a wide range of business actors including apps providers, data collection module providers, website operators for apps distribution, OS providers, and mobile careers;
  ii) Proposing measures for effective implementation of the Guideline, which includes building a mechanism for verifying apps by a third party institution;
  iii) Sharing information and raising public awareness in order to improve user literacy; and
  iv) Promoting international cooperation
As for smartphones, a variety of business operators with different roles offer services in each layer of services. On the other hand, as for traditional mobile phones, mobile phone carriers offer all services from infrastructure to contents.

- Business operators which provide the operating system (OS) equipped with smartphones usually operate sites for providing applications and have an influence on each layer, such as the development of devices, use of communication networks, provision of applications, charging/authorization, etc.

- It is pointed out that an application developer gains certain compensation for the incorporation of information collection modules provided by an advertisement delivery business operator into applications and that user information may be transmitted to information collection business operators through information collection modules.

Examples of the parties related to user information on smartphones

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<tr>
<td>Platform layer</td>
<td>Website operators for apps distribution OS providers</td>
<td>Browsing</td>
<td>Application provision sites of device manufacturers</td>
<td>Application provision sites of mobile telecommunications carriers</td>
<td>Application provision sites of OS providers</td>
<td>Application provision sites of device manufacturers</td>
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<td>Network layer</td>
<td>Mobile telecommunications carriers</td>
<td>WiFi WiMAX</td>
<td>3G network</td>
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<td>Mobile terminal layer</td>
<td>Mobile terminal providers</td>
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<tr>
<td>User</td>
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Users carry smartphones under the condition that they are always turned on and connected to the network. Therefore, they have a stronger connection to users than PCs and it is possible to acquire and accumulate a variety of information, such as action history and call logs of users.

- Data managed by phone numbers and address books, accurate location data by GPS, etc.

Principal user information on smartphones
### Acquisition of User Information on Smartphones: Restrictions by Operating System

<table>
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<tr>
<th></th>
<th>App Store</th>
<th>Google Play</th>
<th>Windows Phone Marketplace</th>
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<tr>
<td><strong>Operated by</strong></td>
<td>Apple Inc.</td>
<td>Google Inc.</td>
<td>Microsoft Corporation</td>
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<tr>
<td><strong>Examinations and policies related to the posting of applications</strong></td>
<td><strong>Preliminary examinations by Apple Inc.;</strong> Apps shall not transmit information on users without obtaining the preliminary permission of users and providing information on where and how data will be used.</td>
<td><strong>Agreement concluded with app developer (Developer Distribution Agreement) and self-examination of persons who post apps;</strong> Application developers shall consent to protect the privacy and legal rights of users (it is necessary to send appropriate notices and provide protection based on laws)</td>
<td><strong>Preliminary examinations by Microsoft Corporation;</strong> Apps may acquire only limited information and it is necessary to obtain the preliminary permission of users concerning the purpose of use and contents of transmitted data.</td>
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<td><strong>Number of Apps</strong></td>
<td>585,000 (As of March 7, 2012)</td>
<td>450,000 (As of March 7, 2012)</td>
<td>Over 64,000 (As of February 27, 2012)</td>
</tr>
<tr>
<td><strong>Market from which apps may be downloaded to each device</strong></td>
<td>Only App Store</td>
<td>Default market is Google Play (approval of users is required for download from other channels). However, customizing is allowed at the discretion of mobile telecommunications carriers.</td>
<td>Only Windows Phone Marketplace</td>
</tr>
<tr>
<td><strong>Example of the actual screen that asks whether users allow apps to get access to their information</strong></td>
<td><img src="image1.png" alt="App Store Screen" /></td>
<td><img src="image2.png" alt="Google Play Screen" /></td>
<td><img src="image3.png" alt="Windows Phone Screen" /></td>
</tr>
</tbody>
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Current Situation Surrounding Information Collection by Apps and its Purposes

Purposes for collection of user information by applications are often indicated as the provision and improvement of services and display of advertisement in accordance with taste of users. However, it is not always clear how information is utilized.

**Current Situation Surrounding Information Collection by Apps**

- **Survey by KDDI R&D Laboratories**
  - Analysis of 980 applications selected in August 2011.
    - 558 (56.9%) applications have information collection modules*
      - *A set of programs which have the function of collecting information accumulated in smartphones. Provided by advertisement delivery business operators and incorporated by application creators into applications.
    - As for the permission on Android devices, device ID and location data (GPS) is required in 57.9% and 26.4%, respectively.
  - Analysis of operation of 400 applications in December 2011 to January 2012.
    - 181 applications transmitted ID (for examples, Android ID, IMEI, IMSI, etc.) and location data to the outside
    - Among them, 167 applications do not have a process of the authorization for use, and the transmission of information to the outside is not fully explained.

**Purposes of Collecting User Information and its Actual Usage**

- **The following are possible purposes for collecting user information collected by apps**
  1) Apps use collected information **for the purpose of providing own service services** (in many cases, users are able to use highly-convenient services without inputting user information due to the collected and stored information)
  2) App providers use collected information **for future service development and market research**
  3) Information collection service providers collect user information such as location data or smartphone-associated IDs (Android ID, subscriber ID, IMEI, IMSI, etc.) and **use it for advertisement services or market research purposes**.
  4) User information is acquired **for future use, although the purpose is not clear at the point in time for information collection**.
Overseas Initiatives regarding User Information

- **In the US case, in February 2012,**
  - the White House announced the “Consumer Privacy Bill of Rights” in which **consumers’ right with respect to personal data is clarified** for the purpose of protecting consumers’ online privacy.
  - the Attorney General of California made an agreement with six platform operators (e.g., Apple Inc., Google Inc., Microsoft Corporation, and the others) in order to strengthen privacy protections for users of mobile apps.

- **In Europe, in January 2012,** comprehensive reform of data protection rules has been undertaken and **the EU Data Protection Directive of 1995 has been reviewed.** Currently **the proposal of the “Personal Data Protection Regulation” has been made public in order to ensure better protection of personal data.**

### Consumer Privacy Bill of Rights

- 7 principles are outlined in the “Consumer Privacy Bill of Rights.”
  1. Individual Control
  2. Transparency
  3. Respect for Context
  4. Security
  5. Access and Accuracy
  6. Focused Collection
  7. Accountability

- **Codes of conduct is scheduled to be addressed in order to put the Consumer Privacy Bill of Rights into practice**

### Joint Statement of Principles among the Attorney General of California and the Mobile App Market Companies

- The six largest companies offering platforms for mobile apps agreed to commit to a set of principles designed to ensure compliance with California’s Online Privacy Protection Act.
  - Clearly posting privacy policy for their apps;
  - Enabling users to view privacy policy before downloading apps;
  - Specifying the type of the personal data that is to be collected, and clearly indicating the purpose and usage of the collected data.

### Review of the EU Data Protection Directive

- **Developing better rules for personal data protection**
  - Strengthening individual rights for personal data protection (‘Right to be Forgotten’);
  - Introducing the principles of Privacy by Design, and duty to appoint data protection officers; and
  - Imposing a duty to notify leakage of personal data, etc.

- **Addressing global challenges with respect to data protection**
  - Clarifying and simplifying rules regarding personal data transmission from within the EU to the third country.
Nature and Classification of Smartphone User Information

1 Classification by Purpose

- In cases where apps use user information for the purpose of providing the service itself, users can easily recognize and understand the benefit of providing their information because the provided information allows apps to offer better and more convenient services.
- In cases where personal information is not used for the purpose of providing service itself, users are unlikely to assume that their personal information will be collected and the reason for collection is unclear. Therefore, more explicit explanation is required.
- It is not desirable to acquire user information without clarifying its purpose.

2 From the Perspective of the Personal Information Protection Law

- In smartphones, it is necessary to individually judge whether or not particular user information should be regarded as personal information;
- In cases where apps providers and information collection service providers handle personal information, the provisions of Article 15 and subsequent Articles of the Personal Information Protection Law are applicable.

Personal Information

- When a specific individual can be identified by the user information acquired by apps providers and information collection service providers through smartphones; and
- When a specific individual can be identified by the information that can be easily collated with other information

Businesses that handle personal information

- When apps providers and information collection service providers use the personal information database for the purpose of doing business

3 From the Perspective of Privacy

- Although there is no law in which privacy is explicitly articulated, privacy is approved as an individual right that is to be legally protected based on judicial precedents.
- Apps should be designed with sufficient consideration of privacy. The following case can be charged as privacy infringement: e.g. Personal information undesirable to be disclosed based on general sensitivity is transmitted to a third party by apps providers or data collection module providers without user consent or without any legitimate purpose.
- Juvenile Protection: proper handling of the user information of juveniles, and consideration of roles of parents and improvement of literacy
- Possible tracing of personal activities: possibility that users’ private lives can be traced by integrating and pooling relevant user information
Structure of the Guideline for Handling Smartphone User Information

- Anxiety of users regarding user information should be eliminated voluntarily by responsible business actors.
- The Guideline provides the principles to which a variety of different stakeholders (including app providers who do not take part in the industry associations) can refer to. Taking into account the status quo of the industry, the industry is encouraged to make their industry-specific guidelines by enriching and further developing the principles proposed in the Guideline.

【General Provisions】

1. Fundamental Principles
   - Ensuring Transparency
   - Securing the Opportunity of User Participation
   - Ensuring Data Collection through Proper Means
   - Ensuring Proper management of User Information
   - Properly Handling Complaints and Requests for Advice
   - Privacy by Design

【Specific Issues】

1. Measures Undertaken by User Information Acquirers (e.g., Apps provider, information collection modules providers, advertisement delivery service providers)

(1) Making Privacy Policy
   - A privacy policy including the following items should be created for each app and each information collecting module. Such privacy policy should be easily understandable and a simplified version should also be made available.

   (Items to be included)
   - Name of the apps provider who acquires personal information;
   - Details of the personal information to be acquired;
   - How to acquire such personal information;
   - Specifying and explicitly explaining the purpose of acquiring personal information;
   - How to notify and disclose privacy policy, and acquire user consent, and how the user participates are ensured*1, 2;
   - Whether or not the acquired information is to be transmitted to the third party; whether or not it is transmitted to information collecting module providers;
   - Contact point for queries; and
   - Procedure for changing privacy policy

   *1 User consent: User consent must be obtained, especially in the case of high-level privacy information (e.g., contact list, location information, and communication logs).
   *2 User participation: how to stop apps acquiring user information should be clearly explained.

(2) Proper Management of User Information
   - Measures should be taken to detour user information from leakage, loss, and damage.

(3) Special Instructions regarding Information Collection Module Providers
   - Notification should be sent to apps providers regarding (i) Details of personal information to be acquired, (ii) purpose of acquiring it and (iii) whether the information is to be provided to the third party or not.

2. Measures Undertaken by Other Relevant Business Actors

(1) Mobile network operators and mobile terminal providers encourage apps providers to properly handle personal information; they are encouraged to set up a contact point for user query and be involved in awareness raising activities.

(2) Website operators for apps distribution and OS providers: Similar to the above, they are encouraged to provide sufficient explanation when OS is required to provide permission for personal information to be acquired and transmitted externally.

(3) Other relevant operators: the website that makes recommendations for a wide range of apps is a good source of information.
1. **General Provisions**

To develop an environment in which users can use smartphones and services provided through them in a safe and secure manner, all the relevant business players are required to appropriately handle user information, thereby securing users’ trust in the provided services. (e.g. Providing sufficient explanation to users and ensuring transparency of services; ensuring substantive opportunities for user participation)

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**Fundamental Principles**

1. **Ensuring Transparency**
   Users should be notified of the details of the target information, its utilization and opportunities for user participation in case personal information is collected. Otherwise such details should be placed where that they are easily noticeable. In case of notifying users of the collection of their personal information, announcing it or acquiring consent from users, such notification, announcement and acquisition should be conducted in an easily recognizable and understandable manner.

2. **Securing Opportunities of User Participation**
   Relevant businesses operators should notify or disclose necessary details in case of collecting personal information (e.g., information to be collected, purpose of information usage, and a range of information that is to be provided to the third party). Users should be able to know how to stop personal data being collected and how to get involved in the process.

3. **Ensuring Personal Data Collection by Proper Means**
   Relevant businesses acquire target personal information by proper acceptable means.

4. **Ensuring Proper Management of User Information**
   Relevant businesses take necessary and proper measures in order to prevent targeted personal information from leaking, being lost or damaged, etc.

5. **Properly Handling Complaints and Request for Advice**
   Relevant businesses are required to respond to complaints and requests for advice regarding personal information.

6. **Privacy by Design**
   When designing new apps and services, relevant businesses should take into account how personal information should be handled and ensure personal information and privacy be protected and respected. They should well recognize the protection of personal information and privacy needs to be enhanced. From the users’ perspective, apps and services should be designed and developed in a user-friendly manner.
Guideline for Handling Smartphone User Information: Specific Issues (1)

1. Creation of privacy policy
   The privacy policy that indicates the provisions below should be created, and displayed or hyper-lined in a easily recognizable and referable manner. (A simplified, summarized version should better be created and posted on smartphone screens.

   1) **Names of apps providers who acquire personal information**:
      Indicate names and contact details, etc. of apps providers.

   2) **Details of the personal information to be acquired**:
      List items and contents of acquired user information.

   3) **How to acquire personal information**:
      Indicate whether personal information is acquired by users’ input or whether apps automatically collect personal information stored in smartphones.

   4) **Specifying and explicitly explaining the purpose of information usage**
      Indicate whether user information is used for the purpose of service provision or for other purposes. In particular, if the information is used for advertisement or marketing purposes, it should be explicitly noted as such.

   5) **How to notify or disclose privacy policy, how to acquire user consent, and the way of user participation**
      Indicate how to access the privacy policy, from whom the consent for personal data collection is to be obtained, and when the consent is to be obtained, etc. Also indicate the way of user participation and how users can stop their information being used.

   6) **Whether personal information is to be transmitted to an external third party and whether information collection modules are installed**
      Indicate whether personal information is to be transmitted to a third party. Also indicate whether information collection modules are installed.

   7) **Contact for user query**
      Indicate a telephone number, email address, etc. for user queries.

   8) **Procedure for changing privacy policy**
      Indicate how to announce changes in the privacy policy (another consent is required if the range of the personal information that was agreed to be collected is changed).

2. Proper management of user information
3. Special notes on information collection module providers
   Notify apps providers regarding the items and purposes, etc. of the personal information to be acquired.

4. Special note on advertisement delivery services providers
   Notes on how to behave as apps providers or information collection module providers.
Guideline for Handling Smartphone User Information: Specific Issues (2)

2 Specific Issues (2): Measures undertaken by other relevant businesses

1 Mobile telecommunications carriers (mobile terminal providers)
   • Announce what users should know through existing channels when selling smartphones.
     (e.g., difference between classic mobile phones and smartphones, warnings about security and privacy, etc.)
   • Websites on which mobile telecommunications carriers provide apps
     • Urge apps providers to make and publicize proper privacy policies.
     • Support apps providers by providing available resources for making their privacy policies public and raising their awareness about privacy protection.
     • Set up a contact for user queries as well as consider how to respond to the cases in which apps collect personal information without sufficient explanation or in an inappropriate manner.
   • Consider better design of services provided through smartphones depending on user literacy as well as address better awareness-raising measures in cooperation with mobile terminal providers.

2 Website operators for apps distribution and OS providers
   • Urge apps providers to make and publicize proper privacy policies.
   • Support apps providers by providing available resources for making their privacy policies public and raising their awareness about privacy protection.
   • Set up a contact point for user queries as well as consider how to respond to the cases in which apps collect personal information without sufficient explanation or in an inappropriate manner.
   • Constantly provide users with sufficient explanation when OS asks permission for personal information collection.
     (When special attention needs to be paid depending on the purpose of data collection, operators should consider necessary measures for users to be able to use the apps distribution website in a safer environment.)

3 Other relevant business actors
   • Users sometimes make use of websites that provide them with recommendations on good apps. Such websites are a good source for users to decide which apps to select. Those who operate such websites should consider posting the summary of their privacy policies and address how to respond in case they have found apps whose way of collecting personal information or explaining about such data collection is inappropriate. They are expected to cooperate with other stakeholders with their eyes on the principles articulated in the Guideline.
Measures for Effective Implementation of the Guideline

Relevant operators are encouraged not only to act properly with reference to the “Guideline for Handling Smartphone User Information” but to take the following measures for better and more effective implementation.

- Follow-up and announcement of the progress regarding the measures undertaken by relevant business actors
- Follow-up about the progress of the measures relevant business actors have undertaken in order to implement the Guideline at the meetings of the “Study Group on Consumer Issues with ICT Services” or other venues
- Flexible response to new technology and services
Information Sharing and Awareness Raising for Users

○ Smartphones should be accessible and easily usable for a wide audience, ranging from children to the elderly.
→ It is necessary for relevant actors to provide and share necessary information and to raise user literacy

Who

- apps providers, information collection module providers
- OS providers, website operators for apps distribution, mobile telecommunications carriers, mobile terminal providers and advertisement delivery services providers, etc.

Whom

- users, including children and the elderly

What

- features and service structure of smartphones, better handling of personal information, information sharing for better security environment for children and the elderly

How

- in an easily understandable and simple manner

Examples

Operators’ side

- Apps providers, information collection module providers
  Providing privacy policies that are written in a simple and understandable manner

- Mobile telecommunications carriers, etc.
  Explaining the details of the necessary information in an easily understandable manner

- Security Vendor
  Warnings about apps that contain Malware, etc.

- Industry Organizations
  Creating awareness-raising materials written in a better and simpler manner, posting necessary information on HPs, and dispatching lecturers to consumer organizations

User side

- Consumer Organizations, etc.
  Dispatching lecturers to enhance consumer awareness, signaling warnings about free apps

- Schools and parents
  Sharing relevant information through lectures and other gatherings

Government

- • Making public the policy package of the “Smartphone Safety Program” (tentative)
  • Awareness-raising in cooperation with local governments, schools, parents, relevant industries and organizations

Follow-up on a regular basis and respond to challenges properly
Promotion of International Collaboration

• Privacy issues needs to be tackled globally in cooperation with a variety of business and governmental actors because apps and platforms for smartphones are developed and supplied globally.

  → In order to effectively assure effective handling of user information, international cooperation is essential.

1. Promotion of bilateral and multilateral cooperation

• Collaboration with:
  ➢ EU Countries: bilateral policy dialogues, etc.
• Contribution to multilateral frameworks such as OECD

  → Sharing fundamental awareness about the issue, sharing each other’s experiences and best practices, and globally harmonizing codes of conduct for relevant business players

2. Awareness-raising and information sharing through international organizations

• Making use of workshops and symposiums held at ITU, APT, APEC, etc.

  → Sharing challenges concerning privacy as well as best practices.

  → Policy coordination among different countries and international standardization

3. Promotion of international cooperation with private organizations

• Promoting corporation with private organizations in order to tackle concerns about privacy with a view to enhance child protection

  → Sharing challenges and best practices

4. Putting forward Japan’s Smartphone Privacy Initiative

• Translating relevant domestic proposals into English and sharing them with other countries

  → Cooperating as early as at the policy-making stage and internationally harmonizing codes of conduct for relevant operators