



BIOMETRICS

New Technology Faces Broad Backlash

Biometrics are facing a growing backlash from consumers, courts and regulators. In May, San Francisco became the first US city to ban the use of facial-recognition technology by local agencies.

A January ruling by the Illinois State Supreme Court has prompted a wave of lawsuits over the use of biometric data for such tasks as employee time-keeping and security verification. Illinois's 2008 Biometric Information Privacy Act (BIPA) requires written consent to collect and store an individual's data, and aggrieved parties can sue. In reversing an appeals court decision, the state Supreme Court ruled that a violation of BIPA's notice and consent provisions alone, without proof of actual harm, was enough for a person to be considered an "aggrieved party" under the law. Since then, nearly 300 lawsuits have been filed against employers in the state, according to Justin Kay, partner at law firm Drinker Biddle & Reath.

At least two other states have similar biometrics laws and another half-dozen are considering them. An increasing number of states are also passing broad privacy laws similar to California's Consumer Privacy Act (CCPA), which goes into effect in January 2020, covering biometrics. "Biometric information tends to be included in the definition of personal information in all those proposals," says Kay. "A lot of companies are concerned about that and will be watching very carefully" what happens when CCPA goes into effect. At the national level, a facial-recognition data privacy bill was proposed in Congress in March but has stalled.

Under the EU General Data Protection Regulation, which went into effect in May 2018, biometric data is considered a sensitive category requiring more robust protection. The GDPR defines biometric data broadly and requires the person's consent for use of such data, except in special circumstances, says Robyn Chatwood, partner in the Global Privacy and Cyber Security Practice at Denton's Australia.

Some countries are legislating additional protections. In March, France's data protection authority, the Commission

LIBYA

Mobile Cash In The Midst Of Chaos

When government falls, people still need to buy groceries. Despite the chaos in Libya and Somalia, lots of people still have their mobile phones. That has opened a window for fintech upstarts to gain market share.

Tripoli-based MIZA Financial Services is one of a handful of financial institutions offering mobile wallets in Libya. "We started from a market that is very fragile," says Mohamed Wefati, executive chairman, during a recent conference in Jordan organized by the World Economic Forum. With the help of the Libyan Central Bank, Wefati says, MIZA, founded in 2017, managed to enroll 300,000 consumers and 1,500 merchants in its fintech solution. Mainstream banks are beginning to offer similar services.

Mobile wallets are viable even in Somalia, which "doesn't have a banking system," says Stefan Nalletamby, director of the Financial Sector Development Department at the African Development Bank. On a recent visit there, Nalletamby bought bottle of water from a woman selling them on the street, using an electronic payment. "It is much safer" than cash, he says.

—Bill Hinchberger

PAYMENT COMPETITION

TIPS Comes For PayPal's Lunch

Europe's TARGET Instant Payment Settlement (TIPS), launched by the European Central Bank (ECB) last November, aims to take business from the PayPal system. But there has been a minimal response from the banking industry so far. Only 30 banks signed up with the European Commission. The ECB invited firms to its Frankfurt headquarters on May 6-7 to submit ideas for expanding the service and build momentum.

Valdis Dombrovskis, a vice president of the European Commission, says, "In a few years, we want Europe to set new global standards for payments technology." He stressed that TIPS and the revised Payment Services Directive (PSD2) are vital to maintaining Europe's competitiveness in the face of technological competition from the US, China and elsewhere.

TIPS is currently available to consumers and businesses in 19 countries in the eurozone, offered via smartphones, personal computers, and in-store points of sale. The banks will benefit from contactless payment services offered by tech firms such as Apple, Google, Amazon and Alibaba through TIPS. —Alberto Giordano



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Nationale de l'informatique et des libertés, published a model regulation that specifies what biometric data has work-related purposes and how long it can be retained. It also requires companies to show why they need to use employee biometric data rather than less-intrusive technologies. —Tam Harbert