

China's Alibaba under fire over use of customer data

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Chinese e-commerce giant Alibaba has come under fire over its handling of user data in an episode that underscores growing concerns for privacy in the hyper-digitised country.

Alibaba affiliate Ant Financial was forced to apologise on Wednesday after users said they felt misled into allowing its Alipay service to share data on their spending habits with Ant's credit-scoring arm and other third-party services.

Controlled by Alibaba co-founder Jack Ma, Ant Financial provides mobile payment, lending, and credit services to millions of Chinese consumers, and the controversy has featured prominently in China's state-controlled media this week.

Consumers have come to expect a lack of privacy in a country where the government collects a file of personal data on each person including financial, education and other information, and where video surveillance is widespread.

But many Chinese internet users reacted with unusual outrage to learn that Alipay, which is used by millions daily to make mobile and online purchases on Alibaba's Taobao platform and elsewhere, had automatically checked a box and hidden language showing they agreed to share their data.

"It's just like Taobao profiting from selling our information, there's no

way to refuse!" one user of China's Twitter-like Weibo service complained.

The sale of [personal information](#) is common in China, which last year implemented a controversial cybersecurity law that among other things requires services to store [user data](#) in China and receive approval from users before sharing their details.

"Because lots of information is already out there, everyone thinks there is no way to protect our personal information," said Yue Shenshan, the lawyer whose online posts helped highlight the Ant Financial issue.

"But if we don't focus on protecting our private [information](#) right now, the situation will only worsen."

Ant Financial embedded the new policy in a page Alipay users see when they click through to see their 2017 spending activity.

Screenshots of the activity are frequently freely shared on social media by users who boast either about their purchasing power—or frugality.

"So angry" wrote one executive at a Beijing internet company who this week posted a screenshot of his 9.6 million yuan (\$1.48 million) Alipay tab for the year. The data also revealed he ranked 301 on a list of the largest spenders in one district of Beijing.

Ant Financial said in a statement that it has since changed the opt-in policy and showed users how to change their settings.

"We are deeply sorry to everyone for the misunderstanding and panic this incident caused," it said.

Privacy is a particularly high-profile issue now as the Chinese

government is in the process of developing a national "social credit" scoring system that may rate people on everything from their credit-worthiness to their loyalty to the Communist Party.

Ant Financial's credit-scoring unit Sesame Credit may someday feed data into that system.

The Alipay controversy arose just as regulators in Washington this week rejected Ant Financial's proposed acquisition of US-based MoneyGram after concerns were raised over the security of American customers' data.

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