FTC chief says gadget industry must prioritize privacy
6 January 2015, by Brandon Bailey

In this Oct. 8, 2014 file photo, Federal Trade Commission (FTC) Chairwoman Edith Ramirez speaks during a news conference in Washington. Powerful networks of data sensors and connected devices, which have been dubbed the "Internet of Things," will collect a vast trove of user information that represents "a deeply personal and startlingly complete picture of each of us" - including our finances, health and even religious leanings, Ramirez said Tuesday, Jan. 6, 2015, at the International CES in Las Vegas. (AP Photo/Jose Luis Magana, File)

While consumer electronics companies are celebrating a coming bonanza of health trackers, connected cars and "smart" home appliances, the head of the Federal Trade Commission is pressing the tech industry to protect consumer privacy.

Powerful networks of data sensors and connected devices, which have been dubbed the "Internet of Things," will collect a vast trove of user information that represents "a deeply personal and startlingly complete picture of each of us"—including our finances, health and even religious leanings, said Edith Ramirez, the chairwoman of the Federal Trade Commission, on Tuesday at the big consumer electronics trade show known as International CES.

Connected consumer devices represent a growing market worth billions of dollars. A host of "smart" TVs, health monitors and other gadgets are on display during the week-long show in Las Vegas. Ramirez urged the global electronics companies, Internet giants and tech startups at CES to make data security a priority as they build new products. She also called on companies to give consumers more control over how their data is used, and to collect only the data that's necessary for a product to perform its function.

These are steps privacy advocates have urged before. While Ramirez didn't propose specific regulations, her remarks underscore the Obama administration's concerns over consumer privacy. The FTC has made the issue a priority, pursuing a number of investigations and enforcement actions against tech companies and data brokers that collect and sell consumer information.

The boom in connected devices has the potential to spur global economic growth, improve health and provide other benefits, Ramirez said. But it also allows companies "to digitally monitor our otherwise private activities," and the "sheer volume of granular data" will allow them to compile more detailed profiles of individuals.

"Your smart TV and tablet may track whether you watch the History Channel or reality television," she added, "but will your TV-viewing habits be shared with prospective employers or universities? And will this information be used to paint a picture of you that you won't see but that others will—people who might make decisions about whether you are shown ads for organic food or junk food, where your call to customer service is routed, and what offers of credit and other products you receive?"

Most tech companies say they take steps to protect customer information against abuse.
"Data security is very much the responsibility of everyone," said CES attendee Riaan Conradie, founder of South African startup LifeQ, which is promoting a system for analyzing data collected by health tracking devices. But Ramirez said she often hears businesses argue that too much regulation might interfere with creating new or unexpected beneficial uses for data.

"I question the notion that we must put sensitive consumer data at risk on the off-chance a company might someday discover a valuable use for the information," she said, adding that companies should collect only data needed for a specific purpose. Ramirez also warned that if the industry doesn't respect consumer privacy, potential customers will lose trust in its products, which could harm business.

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