

CDEI Consultation: Review of Online Targeting Barclays Response

Barclays is a transatlantic consumer and wholesale bank with global reach, offering products and services across personal, corporate and investment banking, credit cards and wealth management, with a strong presence in our two home markets of the UK and the US. With over 325 years of history and expertise in banking, Barclays operates in over 40 countries and employs approximately 85,000 people. Barclays moves, lends, invests and protects money for customers and clients worldwide.

Barclays welcomes the opportunity to engage with this consultation from the Centre for Data Ethics and Innovation. Below we provide our high level perspectives in response to the questions posed. We hope you find our views useful and would be happy to discuss them further if helpful.

1. What evidence is there about the harms and benefits of online targeting?

- *What evidence is there concerning the impact - both positive and negative - of online targeting on individuals, organisations, and society? In particular:*
 - *Its impact on our autonomy*
 - *Its impact on vulnerable or potentially vulnerable people*
 - *Its impact on our ability to discern the trustworthiness of news and advertising content online*
 - *The impact on privacy and data protection rights of the collection, processing and sharing of data that underpins online targeting*
- *What opportunities are there for targeting and personalisation to further benefit individuals, organisations, and society?*

Within Barclays, we look to engage our prospective customers to highlight the value and benefits of our products and services through a variety of channels, ranging from physical branch presence to digital platforms. Digital engagement (i.e. 'Online Targeting') is undertaken through Barclays websites and apps (internal channels) as well as price comparison websites and display banners on search engines and social media platforms (external channels).

We assess the benefits of digital engagement through measurement of our ability to anticipate customers' needs, evidenced by customer's interest and/or take up of our products.

Digital engagement enables us to identify:

1. **Customer needs:** what the evolving customer needs are and how effectively we can predict them.
2. **Product relevance:** how our services or products match and meet the identified customer needs.
3. **Channel and content personalisation:** which channels and content are most effective in raising customer's awareness of our services and products.
4. **Customer reactions:** which are the relevant services & products, customers have expressed an interest in.

This digital engagement can be seen as value exchange where customers provide consent for firms to use their data and what they receive in return is relevant and personalised products brought to them at the right moment, saving them time and effort they would have spent researching for themselves. Of course, customers are free to determine whether they wish to take up any recommended services

or products. Without such digital engagement, our interactions with customers could become less relevant, and may potentially result in promotion of products which customers are less likely to want or need.

However, effectiveness of digital engagement is limited by accessibility and usability of customer data, efficiency of algorithms in identifying the right patterns to anticipate customer's needs, and limits on information on display in adverts. With these limitations, digital engagement may present certain risks:

1. Customers may see adverts, which fit the average needs of a large population but not necessarily their particular needs, due to the absence of customer data.
 - Mitigations: More information available and permitted by customers for use will help in precise identification of their needs.
2. Customers' exploratory interest from past interactions may define services and products marketed to them in future, potentially resulting in lack of awareness of other services and products.
 - Mitigations: Advances in predictive algorithms and use of 'test & learn' helps in reducing the impact of bias of past interactions in digital engagement choices. In addition, we make all of our services and products available to explore in detail on our Web/App platforms along with ability to contact our branches and contact centres to answer any outstanding questions, increasing awareness.
3. Content shown in online adverts may be limited, resulting in potential misinterpretations.
 - Mitigations: If customer's express their interest by clicking on our display adverts of a particular service/product, we provide them detailed information of the features, benefits and costs of service/product before they take the decision to apply for the product.
4. Customers may be suspicious of how an advertiser knows what they need, reducing their degree of trust in the company and the use of digital channels more broadly.
 - Mitigation: Provide visibility of 'why we are showing this' to educate consumers, develop their trust and engage with them in a transparent manner.

Overall, digital engagement results in focused advertising at scale, of relevant services and products to the audience who need it most. Each of the risks mentioned above will be present in any advertising and digital engagement helps us to mitigate them with the identification of customer needs and relevant products.

2. How do organisations carry out online targeting in practice?

- *What do organisations use online targeting for? What are the intended outcomes?*
- *What are the key technical aspects of online targeting? (what data is used; how is it collected, processed, and/or shared; what customisation is carried out; on what media; and how is this monitored, evaluated, and iterated on)?*
- *How is this work governed within organisations (how are risks monitored and mitigated, including unintended consequences, who is accountable within organisations, how are complaints dealt with)?*

Currently, engagement is limited in external digital channels but we are trying to enhance this through collaboration with third party media agencies. These help enable more relevant engagement through the use of search data (e.g. via Google) and social network data (e.g. via Facebook), and are only used following approval from Barclays Privacy and Legal teams (who check compliance versus GDPR etc). We are also beginning to use Barclays's first party data in external digital channels to ensure that, even when we are contacting customers outside of the Barclays environment, we make the interaction as relevant as possible. Again, we ensure that such interactions are rightly controlled and are done in a compliant manner, reflecting all appropriate regulation.

When engaging through internal channels, we are better able to predict customers' needs through analysis of their usage of current products and interactions with our servicing and marketing platforms. This then feeds into algorithms to identify the relevant service / product to highlight to customers.

These platforms also enable us to experiment with advertising parameters (e.g. advert content, display locations, advertising frequencies, service/product rotations) to collect unbiased data on customers' interests to further optimise our algorithms.

3. Should online targeting be regulated, and if so, how should this be done in a way that maximises the benefits and minimises the risks targeting presents?

- *What is the current legal and regulatory environment around online targeting in the UK? How effective is it?*
- *How significant are the burdens placed on organisations by this environment?*
- *Are there laws and regulations designed for the "analogue" world that should be applied to online targeting in the UK?*
- *Are there any international examples of regulation and legislation of online targeting that we can learn from?*

As noted earlier, effectiveness of digital engagement is limited by accessibility and usability of customer data, efficiency of algorithms in identifying the right patterns to anticipate customer's needs, and limits on information on display in adverts. To maximise its benefits and minimise risks, any regulation should focus on creating a level playing field on each of these aspects for organisations, resulting in better and more relevant information for customers.

Important aspects to consider include:

Accessibility of Data: In the current regulatory environment, there is not a level playing field with respect to data. Through Open Banking and PSD2, consumers' personal banking data is accessible to third party organisations, subject to customers' consent. However, consumers' personal data in other sectors (e.g. retail, social network, telco, energy, web browser and search, travel etc) is not accessible to third party providers i.e. consumer cannot readily share if it they wish to. This limits availability of information available to help predict customers' needs, reducing the effectiveness of our digital engagement. To create a level playing field, government should consider creating similar frameworks to enable customers to share their data across many sectors, if they wish to do so.

Usability of Data: While new data privacy rules protect consumers from misuse of information, they may hamper firms ability to provide personalised marketing of relevant products. Policymakers should consider how the data privacy regulatory framework can protect consumers while also enabling firms to engage consumers with personalised communications more effectively.

Accuracy of Algorithms: With advances in Machine Learning, it is possible to perform large scale computations on vast amount of dynamic data to predict what customers' needs may be. However, the best of these algorithms (e.g. Deep Learning) operate as a Blackbox, meaning their selection techniques are hidden from users and hence, are not fully interpretable at individual decision level. Any regulation should take into account the trade-off of interpretability requirements vs customer-relevance of marketing. Instead of requiring interpretability of individual decisions, regulation could instead require demonstration of trust and stability of the aggregated decisions.

Marketing Platforms Accessibility: External digital engagement platforms available to market services or products are dominated by a few providers in the web search, display advertising and social networking space. This may present risks of data privacy and accessibility being controlled by few providers. Any future regulations should look to ensure such risks are minimised.

Communication to customers: Digital engagement may lead to some consumers being 'spooked' about how much advertisers may know about them. In contrast, many consumers consider relevant and personalised marketing convenient and useful. Communication with consumers is key – transparency in the communication of what data is being captured, and for what purposes, is critical to ensuring consumers understand what benefit they are receiving in return for their data, so they can make an informed decision on the value of that exchange to them. Also, transparency to explain “why you are seeing this ad” in a manner that is relevant, simple and non-intrusive will be necessary to maintain trust with users.

There are a number of ways in which policymakers can support the digital sector. Firstly, to mitigate the potential risk of mistrust resulting from digital advertising, policymakers should provide recommendations on transparency that should apply to all industries, in order to provide a level playing field. Beyond regulation, there is an opportunity to educate consumers on how digital advertising works and how consumers can benefit from their data. A central coordinated campaign from by central bodies such as the ICO, CDEI, and AI Council would have a positive impact in raising awareness of consumers.

It is important that any standards governing digital engagement and advertising are clear, and apply to all firms in an equal manner so that customers get the best experience possible.

4. How is online targeting evolving over time, what are the likely future developments in online targeting, and do these present novel issues?

- *What emerging technologies might change the way that online targeting is carried out? Might these present novel issues?*
- *How might existing and emerging governance regimes (such as the General Data Protection Regulation, European e-Privacy and e-Commerce Directives, and potential Online Harms legislation) impact online targeting practices?*
- *Are there examples of types of online targeting and personalisation (that might have either negative or positive impacts) that are currently possible but not taking place? If so, why are they not taking place?*

Digital engagement and advertising is a dynamically evolving field with significant developments in data availability and processing, computing advancements, Automated Machine Learning methods and CRM Systems in recent times. We would expect these developments to continue, enabling near-real time identification of direct and latent customer needs and self-learning of Machine Learning systems to tailor relevant communications to customers.

One key challenge is the dichotomy between being able to provide the most accurate, relevant and personalised communication for a customer and the ability for an organisation to be able to explain the rationale as to why that communication was sent. Currently we avoid that dichotomy by restricting the power of the analytics so that the rationale behind the communication can be clearly evidenced. However, in future, the advent of deep learning may mean that we are able to provide more accuracy, but potentially with less clarity of rationale. Ongoing research on explainable AI, through cross industry and academic bodies such as the Alan Turing Institute, will help reduce the dichotomy. Further government investment in research and projects addressing the explainability challenge will help the UK lead the way in reducing the trade-off between explainability and accuracy.