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working world

EY Legal, Compliance and  
Technology Executive Series

# Enhancing corporate integrity

A fresh approach to data integrity,  
privacy and regulatory compliance

## Introduction

Companies are increasingly reliant on data and leading-edge technologies, such as artificial intelligence (AI), robotic process automation and cloud infrastructure, to gain business insights, achieve operational efficiency and seek new growth opportunities. Technology is ultimately programmed and controlled by humans who are susceptible to making intentional or unintentional errors and omissions. The ways that technology is implemented can be a black box to business owners lacking the requisite technical know-how, and this gap in understanding can present a range of risks that could cause significant reputational and financial harm to the business.

Adding to these risks is the increase in data protection and privacy regulations around the world, such as the [EU's General Data Protection Regulation \(GDPR\)](#), the [California Consumer Privacy Act \(CCPA\)](#) and the New York State Department of Financial Services' cybersecurity regulations. All of these carry stringent requirements as to how data should be secured, accessed, stored and used. Noncompliance creates the risk of hefty fines, reputation damage and potential disruption to the business.

With this as a backdrop, EY and the *Financial Times* hosted an executive gathering in New York City earlier this year as part of a global six-event series called *Enhancing Corporate Integrity*. Our group met during a period when corporate integrity – or the lack of it – is dominating the headlines. As more and more companies suffer data breaches, fall victim to fraud or are found to have abused customers' expectations for data privacy, the public's trust that businesses can effectively police themselves is low. The temptation for politicians around the world to impose their own oversight is growing.

## Safeguarding the integrity of data

We began with two questions: 1) who felt confident that they knew what data was in their organization, and 2) who felt on top of the risks associated with it? Not a single hand went up in response to either question. Conducting an inventory of the data a company has, even in its own systems, can seem like an almost impossible task. And the broad spectrum of risks associated with that data is constantly shifting as cyber

attackers become more sophisticated, regulators set new expectations and technologies, such as AI and the cloud, change the scope of how digital information can be used and abused.



Much of our time was spent discussing the challenges posed by a fast-changing patchwork of data privacy regulations. In the US, CCPA has set the pace domestically and Washington State is expected to soon follow. But many representatives of US-based companies said they were already following the GDPR, which came into force last year, at home and in other jurisdictions. One guest noted that even a nation-state as small as Singapore can set ground rules on AI for multinationals' operations on the other side of the world. There was a strong desire to see more global coordination on data regulation – and an expectation that we will move in that direction.

Another concern was data quality. How much of the information inside a business is helpful, who should have access to it and how much should be cleaned out? Some digital information must be kept for regulatory or litigation purposes, but companies need clear policies and procedures to help them keep only the right data.

A decentralized approach that actively engages business owners, while integrating them with centralized technology and compliance functions, may be part of the answer.

### **AI and ethics**

One message that came through clearly was that data comes with temptation: it can be hard to resist the opportunity to use information gathered for one purpose and apply it for another. But the risk of alienating customers by using their data in ways to which they did not consent is significant. Data owners will increasingly expect companies to seek their consent over how their data will be used. Therefore, data inherently creates a tension between the ever-expanding ability that technologies like AI offer to improve products, services and processes, and the ever-increasing risk of pushback from consumers.

The risks AI brings do not stop there. If a company uses AI in hiring decisions, they could inadvertently trigger discrimination laws when biased data sets are used for input or models are flawed. While it is always important to understand how a decision is arrived at when defending certain positions, it is not always easy, or even possible, to trace the decision tree when AI is used. Finally, conceding that machines can be more reliable than humans in many instances, it is also true that they can fail miserably when they encounter unexpected situations. Bill Hibbard argues that because AI will have such a profound effect on humanity, AI developers are representatives of future humanity and thus have an ethical obligation to be transparent in their efforts.

### **Are we reaching the limits of what we can do with data?**

With both regulators and consumers struggling to keep up with the pace of technological change – and with the crooks and bad actors often one step ahead of them – there is a need for industry to come together to understand and manage the data integrity risks. Having begun the evening with a stark picture of the challenge of managing data integrity risks, we ended on a more optimistic note by recognizing that collaborating transparently across industries and with government can at least help find agreement on the way forward to manage these risks effectively.

*The views reflected in this article are those of the author and do not necessarily reflect the views of the global EY organization or its member firms.*

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