



**WRITTEN SUBMISSION TO THE MEETING OF THE
LEGISLATIVE COUNCIL PANEL ON FINANCIAL AFFAIRS
("Panel")**

7 January 2019

The Panel has requested TransUnion to attend a meeting of the Panel on 7 January 2019 and to provide a written submission.

First, we want to start by saying that we regret that a reporter from Ming Pao newspaper was able to impersonate three individuals in order to gain unauthorised access to their credit reports, and we especially regret the impact this has had on the three individuals who were affected.

Before explaining the instance of unauthorised access to our platform that was recently reported in the media, we wish to briefly explain what we do and the role we play in supporting the consumer financial services industry in Hong Kong. TransUnion has been serving Hong Kong financial institutions and the people of Hong Kong for over 30 years. We are proud to have contributed to Hong Kong's standing as a leading international financial centre.

We provide credit reports and credit education to the people of Hong Kong. This information helps individuals be financially responsible and to make informed financial decisions.

We also provide every major consumer financial services institution in Hong Kong with consumer credit information that enables them to have the confidence to lend to people and take efficient, risk-based decisions across the consumer credit lifecycle, from acquisition, underwriting, identity verification, to portfolio management and collection. TransUnion's services help support a strong, healthy and stable Hong Kong credit economy. This consumer credit information, combined with the analytics we also provide to financial institutions,

facilitates financial inclusion by giving these institutions the confidence to bring under-served people into the credit economy.

Our role relies on our having access to financial information about people which the financial institutions share with us, having been authorised to do so by their customers in the process of signing up for financial products. In fulfilling our role, our business practices are governed by the Personal Data (Privacy) Ordinance and the underlying Code of Practice on Consumer Credit Data issued by the Privacy Commissioner for Personal Data. We take our responsibilities seriously and rigorously protect the information that we hold. We also balance the need to protect consumer credit information from potential fraudsters with the need to make it convenient enough for people to access their own information.

An instance of unauthorised access to our online consumer platform was recently reported in the media. Upon learning of the issue, we immediately alerted the relevant authorities and government departments and increased security layers across our online system. This incident is not a data leak; it was a focussed and intentional incursion. We regret that our platform was accessed in this way and have extended our apologies to the individuals concerned. We also regret any concern that this situation may have created among people in Hong Kong. We are working on several enhancements to the security measures on our online consumer services, which we have suspended in the meantime.

Our business model

As the unauthorised access incident relates to our consumer business model, we will explain this model now. TransUnion provides consumers access to their credit data through two channels: (1) directly by TransUnion and (2) indirectly through a select number of business partners.

We believe that enabling consumers to access their credit information is beneficial to the people of Hong Kong and the wider economy. When people have access to their credit, they are more educated, more empowered, and more likely to behave in a financially prudent way. For the economy, this helps to improve levels of financial literacy overall and promote smarter and more responsible borrowing by people.

TransUnion provides people in Hong Kong with direct access to their credit data through an online platform which it operates directly as well as an in-person service at TransUnion's office. Consumers can pay a one-time fee for their credit reports, or they can subscribe to an on-going service that allows them continuous access to their records, credit scores and features which help them understand and manage their credit.

Alternatively, a consumer can obtain his or her credit data online through our business partners. In Hong Kong, we work with five carefully-selected and credentialed business partners. Through these partners, people are offered another channel to access their credit information. These partners enable consumer access by subsidising the credit report for a consumer in exchange for the ability to contact, market, or match people with the best and lowest-cost financial products available to them based on their credit information. A consumer's access to their report and agreement to be matched with relevant financial products is done with each individual's express consent.

We believe that these partner channels benefit people by giving them another option to access their credit information and understand how their credit history impacts their ability to access financial products, and by providing them tailored and targeted financial products to choose from.

TransUnion performs due diligence on business partners including the imposition of security requirements and the right to audit. Business partners are audited for their ability to meet TransUnion's standards and are continuously monitored between audits. Any risks identified are tracked for remediation, with governance processes to monitor progress at all levels of management.

In its dealings with consumers and business partners in Hong Kong, TransUnion is guided by the data protection principles in the Personal Data (Privacy) Ordinance and the Code of Practice on Consumer Credit Data under the Ordinance. We also receive a compliance assessment every year by an independent party for our handling of consumer credit data as a credit reference agency under Part III of the Code of Practice on Consumer Credit Data. The latest assessment resulted in a finding of "no relevant exception was noted". We are committed to the protection of consumer credit data, and we are continually reviewing and evolving our security measures to identify and combat increasingly sophisticated activities by criminals.

The unauthorised access incident

We were contacted on 26 November by the Ming Pao newspaper and informed that they had managed to secure unauthorised access to certain consumer credit records via our online platform. We immediately launched an investigation which was closely overseen by both our global and local leadership, in line with TransUnion's data issue response protocol. At the same time, we immediately implemented additional security measures, and we notified the Privacy Commissioner and affected individuals on 28 November. We also temporarily suspended our online services on 29 November.

Our investigation quickly established that over a period of about four weeks covering the last two weeks of October 2018 and the first two weeks of November 2018, a reporter from Ming Pao had

compromised three consumer identities through a combination of TransUnion's direct channel and its business partners.

In the interest of keeping our protocols secure, we are not making public further details about how the reporter navigated the security and other protocols that were in place. If the Panel would like to hear more about our investigations in private, then we would be happy to share our findings on a confidential basis.

We wish to assure the Panel and the public of Hong Kong that our investigations have found no evidence of other unauthorised access by the reporter and that our remedial actions should prevent such future attempts.

Remedial Actions

While our consumer online services remain suspended, we have already implemented additional security measures. In addition, we are re-verifying our existing customer base leveraging one-time passwords and an updated account enrolment process and also implementing a two-factor authentication for account login.

Furthermore, we have engaged a well-recognised, established and independent third party to conduct a review of our security and application architecture and implementation. The review report is estimated to take about 3-4 weeks and we will not resume our online system until the review is complete and we are satisfied that all relevant security issues have been addressed.

We expanded our customer service capacity at our office to support consumer access queries. We apologise to the 130,000 customers who depend on access to our online services for any inconvenience that may be caused by the suspension of the online services.

Recap

We regret that our online consumer system in Hong Kong was subject to unauthorised access, and we especially regret the impact this has had on the three individuals who were directly affected. Online fraud is an ongoing challenge for all businesses and protecting against it is a priority. TransUnion continues to invest in our information security program to address the growing threat and we regularly communicate with our contacts in law enforcement as well as engage multiple expert security firms for testing and incident response services.

We hope that this submission is useful in explaining the situation and addressing the concerns of the Panel.