

Data Governance with Vulnerable Individuals

Rossella Argenziano* and Francesco Squintani†

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Abstract

This paper examines the consequences of public sector entities increasingly sharing sensitive personal data with external organizations to enhance service quality. It investigates the privacy concerns voiced by both advocates and the public regarding this trend, focusing on its potential adverse effects, particularly on vulnerable individuals. Through formal analysis, the study confirms these concerns, even in cases where public institutions act in the public's best interest and individuals fully trust them. The research develops models to explore various scenarios of data sharing and evaluates the impact of privacy laws and individual data ownership. It finds that privacy laws are crucial for protecting vulnerable individuals, while measures related to individual data ownership have limited effectiveness. Additionally, without robust privacy laws, vulnerable individuals may opt out of public services, even if they trust the providers, leading to adverse equilibria driven by mis-coordination.

*Department of Economics, University of Essex, r.argenziano@essex.ac.uk

†Department of Economics, University of Warwick, f.squintani@warwick.ac.uk