

Health apps have to publicize data breaches, but that won't stymie consumer uptake

Article

The news: The FTC agreed on a policy requiring app makers capturing sensitive consumer data and health records to inform the FTC, US consumers, and in some cases, the media in the

event of any security breaches.

- Failure to comply could result in companies **\$43,792 daily fines** per violation.
- For context, this policy is over a decade old, but this week, the FTC agreed on a new policy statement affirming health apps and wearables must comply with the rule, since it wasn't being enforced and was misunderstood by most companies.

Why it matters: Developers released thousands of digital health apps last year alone, most of which have the ability to collect and share sensitive user data.

- More than **90,000 health apps were released last year** (around 250 per day), according to IQVIA's new Digital Health Trends 2021 report.
- And most of the digital health apps on the market are subject to data breaches, considering **88% of mobile health apps have the ability to collect and share user data**, per IQVIA.

But—consumers may not care about data breaches as much as the FTC does: About 60% of US wearable device consumers 14+ say they're not concerned about the privacy of their data collected by smartwatches or fitness trackers, per a July 2021 Deloitte Connectivity and Mobile Trends report.

- This means consumers aren't likely to stop using a wearable device or health app if it's been involved in a data breach.
- **So**, digital health vendors will want to comply with the FTC mandate to avoid the hefty fines: Failure to notify users or the media of a data breach could result in **over \$500K in fines after two weeks of noncompliance alone**, for example.

How Concerned Are US Wearable Device Users About the Privacy of the Data Collected by Their Smartwatch or Health/Fitness Tracker?

% of respondents, March 2021



Note: ages 14+ who use a smartwatch or health/fitness tracker
Source: Deloitte, "Connectivity & Mobile Trends 2021" as cited in company blog, July 30, 2021

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