



## Digital Ethics

Ethical 'now' for a resilient 'next'

April 2021

# Content

Introducing digital ethics	01
Why is a discussion on digital ethics important?	03
Boundaries for digital ethics	04
Impact of digital ethics	05
Key recommendations for introducing digital ethics	06



A leading educational institution has been working on its historical data on admissions to understand admission patterns and see if they can develop a model. This data model will train a system to augment the decisions made by the administrators on potential candidates to attract and retain the best talent. The model also looks at including data on dropouts during the course, so they can identify such candidates in advance and put them through counselling sessions. One of the main challenges the institution has is to eliminate any bias that the data might introduce in the system on admission criteria. As the data is more than a 100 years old, it also includes times when certain students were denied admission based on their gender or race.

As this is an ethical dilemma, the university has appointed a special team to parse the data and ensure that these historical social biases do not enter the new system.

## Introducing digital ethics

Digital ethics are inter-personal, social, organisational, national norms that govern how people/digital users should conduct and behave in the digital world. It is a paradigm in which digital transformation is immune to the moral biases of those

running the transformation. It also means that we do not allow machines to discriminate and upturn the ethical values in our society. Digital ethics works both ways from humans to machines and from machines to humans.

We need to look at the issue of digital ethics from the following four angles:

### Areas of discussion

#### The impact of technology

This includes how technology is changing the way we do business, interact, and live. In this current technological era, many decisions are taken with inputs from artificial intelligence and other automated decision-making systems, especially in cases where structured data for decision-making was available.

This data was used to train smart algorithms to replicate human decision-making processes. There is a possibility that human biases involved in the decision-making process were transferred to the machines, which is one of the biggest concern areas in digital ethics, today.

#### Industry best practices of technology ethics

As is clear from the leading educational institution example, it is very important to put controls to prevent ethical biases, which can contaminate data used to train digital models. These best practices may include keeping in mind the source of the data, prevailing socio-economic conditions at that time, fields of data that might introduce ethical biases, and creating a multi-disciplinary committee to review these digital programmes.



#### Role of organisations in propagating technology ethics

How are organisations working both internally and within the ecosystem to propagate the system of ethics for digital transformation? Most organisations might start from within, and they would ultimately have to create an ecosystem to ensure that the industry is following best practices when it comes to digital ethics.

#### Risks emerging from digital ethics

If there are ethical biases in the digital model, there is a fear of risks emerging from reputational loss and operational risks. Organisations would need to derive a framework for digital ethics. They must ensure that current ethical practices and policies governing the organisation are applied to the framework, to ensure a holistic view of ethics governing their digital initiatives.





# Why is a discussion on digital ethics important?

Today, digital transformation is the biggest driver of growth for organisations. Organisations are continuously focusing on implementing strategies for a better customer experience, operational efficiency, employee engagement, and new business models.

In this paradigm, there is focus on people, processes, and technologies. While the growth in technology is unprecedented, what is interesting is how the change in processes and people has ensured that organisations get the most out of their investments.

Ethical management of this process affects autonomy and honour/dignity/respect of people in the digital world. As the boundaries between the digital and the real world continue to blur, this turn will have a huge impact on the real world of a person.

Let us say that **Bank A** decides to use machine learning to decide who is accepted for a loan. The machine learning will need training on a data set, which could be historical data or

user created data. If, historically, the bank has denied loans to a certain category of people, the same bias would carry forward to the machine. So essentially, we have transferred our bias to the system and now the system would deny loans to that certain category of people. If we use a user to create the data to train the system, he might introduce this bias himself to ensure that certain category of people was denied loans. Both these cases fall under the purview of digital ethics.

In a recent speech<sup>1</sup>, Masayoshi Son of Softbank said that in the near future the earth would be co-inhabited by humans and machines. We may soon see a world with 10 billion people and 10 billion robots. This, in other terms, is singularity, where each robot is connected to another robot. In that context, this becomes even more important as we may end up transferring our local biases to the machines. Those biases will permanently render some individuals outside the purview of services and facilities rendered by these robots.

<sup>1</sup> Amie Tsang and Michael J. de la Merced, "Masayoshi Son warns of the singularity", CNBC

# Boundaries for digital ethics

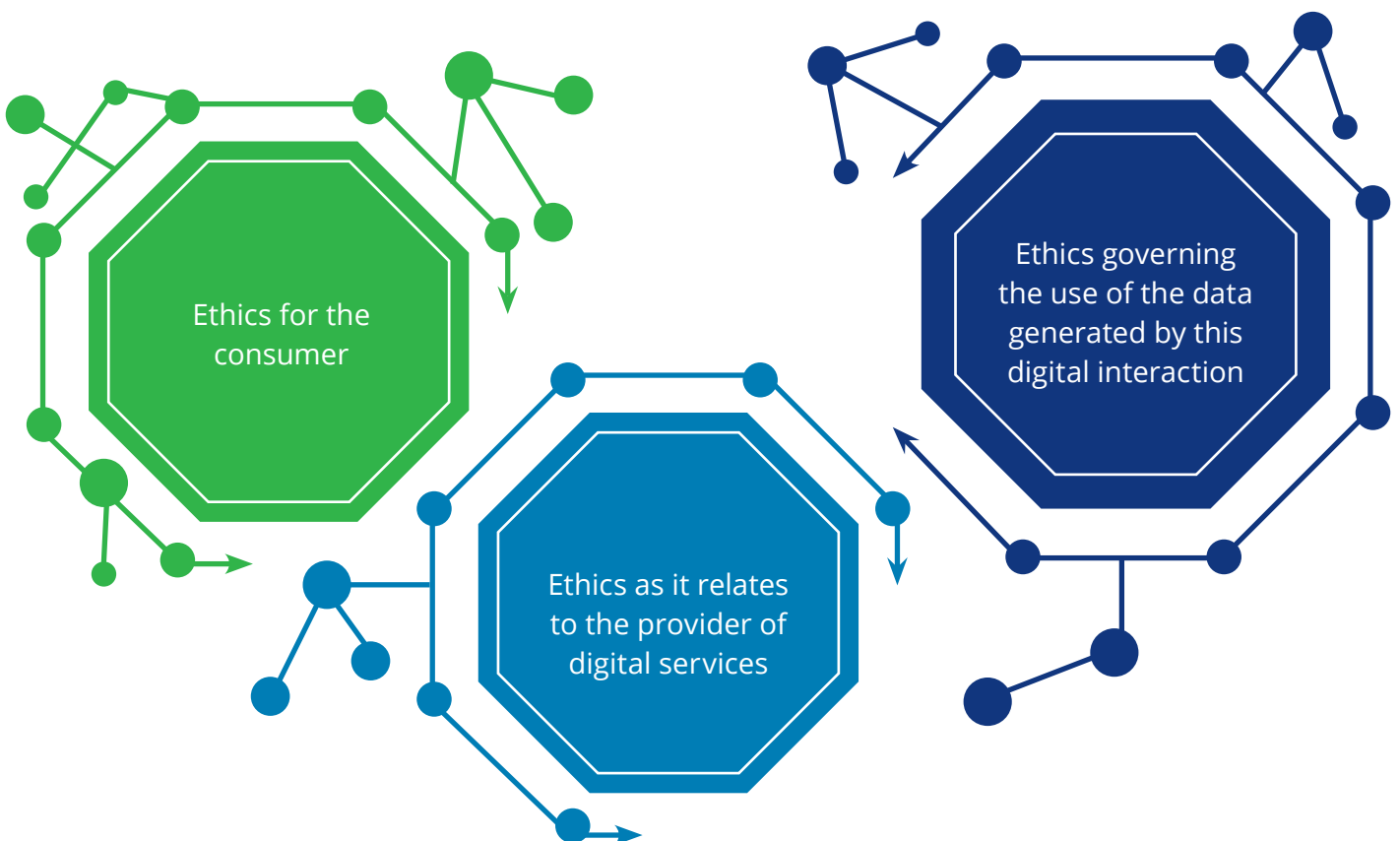
A simple cookie in a mobile application or website gives the application administrator enormous power. This data is often misused for various reasons, such as profiling individuals, selling their data to other organisations, or propagating illegal activities.

A good example is of cab aggregator services. Based on the user behaviour and travel pattern, the cab aggregator is able to provide a great user experience. However, of late it seems that this is only to ensure that more is extracted out of the customer, especially if the profile shows that he or she is not

averse to using cabs with a higher charge. Therefore, even if a cheaper option is available it would not be available to the user, as he or she has already shown his or her preference for using higher value cabs.

Now, this example clearly explains an ethical grey area. Using a larger cab (while it increases revenue) results in a higher cost for the customer, society, and environment.

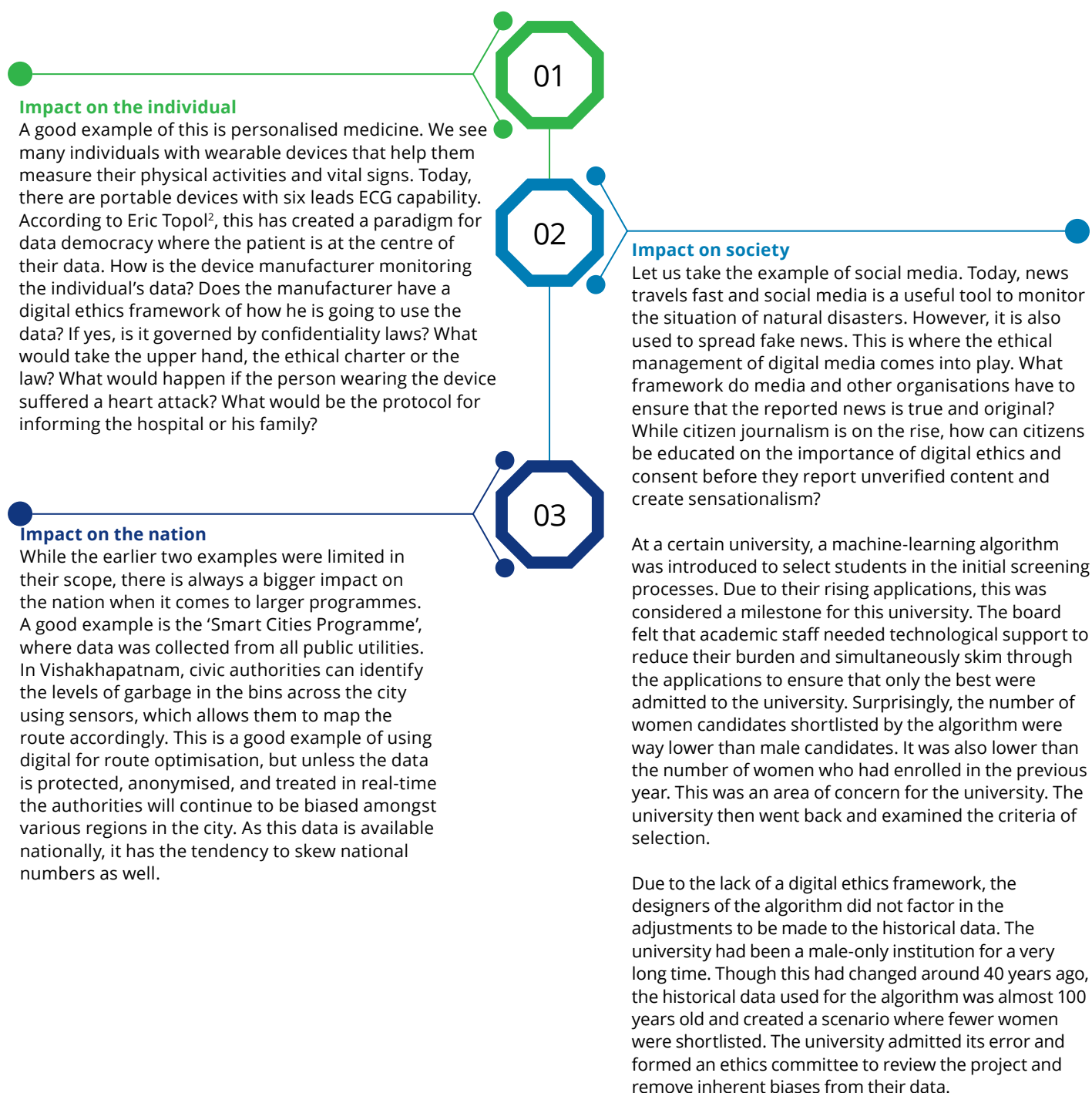
The boundaries for digital ethics exist at the following three levels:



Organisations would need a moral code of conduct inside their digital policies to address the areas of concern and develop a fine balance to ensure that boundaries are clearly laid out.

# Impact of digital ethics

We believe that digital ethics is addressed at the following three levels:



<sup>2</sup> Eric J. Topol, "The Patient Will See You Now: The Future of Medicine is in Your Hands"

# Key recommendations for introducing digital ethics

Governments worldwide have realised that managing digital ethics is key to making the most out of digital investments.

The European Union has started creating a list of digital ethics recommendations that it would like organisations and governments in EU to abide by<sup>3</sup>. They have clearly stated that digital ethics is not an add-on, but an integral part of governance for any digital programme. They have started

putting together an expert committee of 52 professionals from organisations, such as Google, SAP, Bayer, Santander, etc.

The Australian Government is working on a similar policy to ensure that AI and digital are developed and deployed responsibly.

Some of our recommendations from this perspective include the following:

## Create a committee for digital ethics

The committee should be a cross-functional team with business, technology, and community experts whose objective is to address all ethical concerns. This committee should roll into the organisation's ethics committee, which would form the overall framework for ethics in the organisation.

## Draft the policy on digital ethics

While drafting the policy on digital ethics, it is important to cover all digital programmes. Like the digital risk framework, the digital ethics policy should draw heavily from the organisation's vision and mission and from risk policies. The policy should cover the impact at an individual, society, market, and national level.

## Ensure adherence

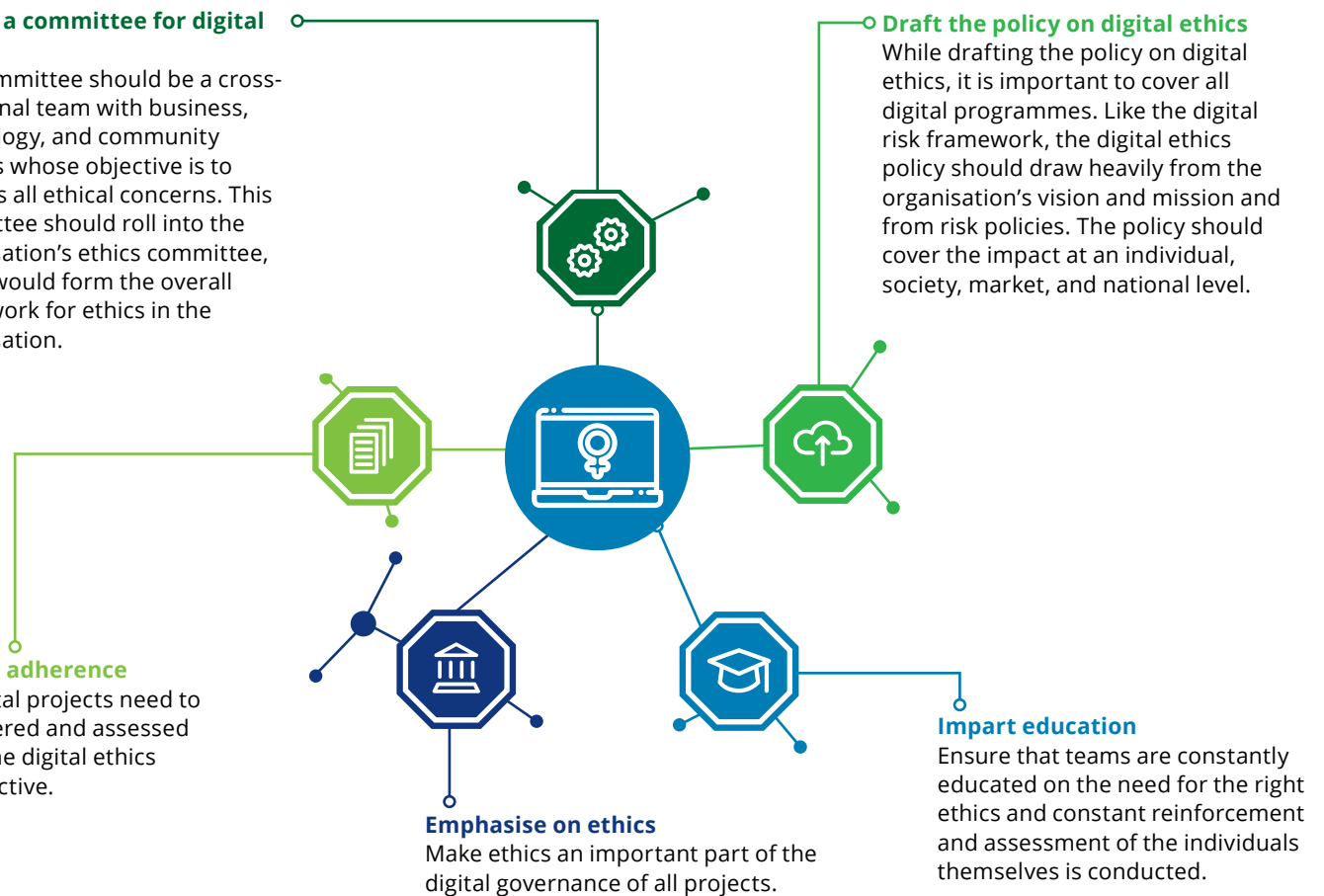
All digital projects need to be covered and assessed from the digital ethics perspective.

## Emphasise on ethics

Make ethics an important part of the digital governance of all projects.

## Impart education

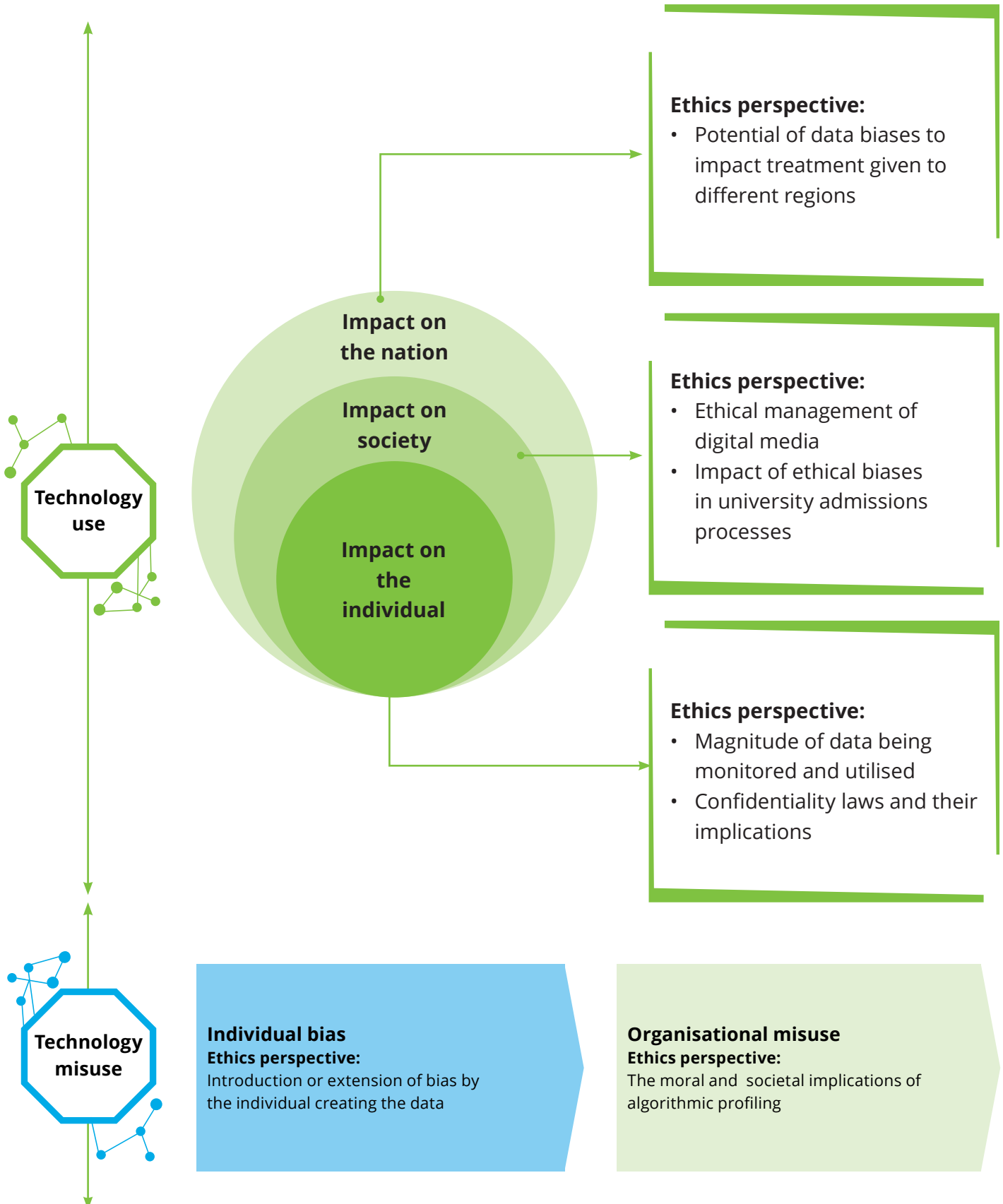
Ensure that teams are constantly educated on the need for the right ethics and constant reinforcement and assessment of the individuals themselves is conducted.



<sup>3</sup> Foo Yun Chee, "AI must be accountable, EU says as it sets ethical guidelines", Reuters



To summarise, let's look at the image below. The technology misuse, both from an individual as well as an organisational bias is important to be identified and understood.



# Connect with us

**Anthony Crasto**

President, Risk Advisory  
Deloitte India  
[acrasto@deloitte.com](mailto:acrasto@deloitte.com)

**Abhijit Katkar**

Partner, Risk Advisory  
Deloitte India  
[akatkar@deloitte.com](mailto:akatkar@deloitte.com)

**Kamaljit Chawla**

Leader – Cyber Operate  
Risk Advisory, Deloitte India  
[kamaljitc@deloitte.com](mailto:kamaljitc@deloitte.com)

**Tarun Kaura**

Leader - Cyber Advisory  
Risk Advisory, Deloitte India  
[tkaura@deloitte.com](mailto:tkaura@deloitte.com)

**Vishal Jain**

Partner, Risk Advisory  
Deloitte India  
[jainvishal@deloitte.com](mailto:jainvishal@deloitte.com)

# Deloitte.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a more detailed description of DTTL and its member firms.

This material is prepared by Deloitte Touche Tohmatsu India LLP (DTTILLP). This material (including any information contained in it) is intended to provide general information on a particular subject(s) and is not an exhaustive treatment of such subject(s) or a substitute to obtaining professional services or advice. This material may contain information sourced from publicly available information or other third party sources. DTTILLP does not independently verify any such sources and is not responsible for any loss whatsoever caused due to reliance placed on information sourced from such sources. None of DTTILLP, Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the “Deloitte Network”) is, by means of this material, rendering any kind of investment, legal or other professional advice or services. You should seek specific advice of the relevant professional(s) for these kind of services. This material or information is not intended to be relied upon as the sole basis for any decision which may affect you or your business. Before making any decision or taking any action that might affect your personal finances or business, you should consult a qualified professional adviser.

No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person or entity by reason of access to, use of or reliance on, this material. By using this material or any information contained in it, the user accepts this entire notice and terms of use.