A salary in exchange for our data is the new economic system proposed by a researcher from the IMDEA Networks Institute

The scientific journal IEEE Internet Computing, one of the most important in the sector, publishes Nikolaos Laoutaris’ latest research proposal around the economics of data

This researcher from IMDEA Networks in Madrid assures that this measure would benefit not only the people receiving these wages, but all of society and the companies that pay for the data

Data and the economy stemming from them are the engine for the fourth industrial revolution. However, and according to Nikolaos Laoutaris, there is a very important leading player who currently receives absolutely nothing of the huge profits generated by the activity: the people who provide these data. Only in a very few cases do the humans producing data receive a measly compensation in kind for it: free online services.

The idea of an economy based on data generators charging for giving their data to companies was proposed by scientist, author, and artist Jaron Lanier in his book Who Owns the Future. In his article in IEEE Internet Computing, Laoutaris develops the idea and explains that he and his team at the IMDEA Networks Institute are now working to build the algorithms, systems and software so that financial compensation for data becomes a reality. Laoutaris advocates that suitable monetary payment would be the solution for some of the most serious problems that we as a society will face in the immediate future.

Every person receiving financial compensation for the data they produce would be - according to the IMDEA Networks researcher - ‘an alternative to receiving a salary for labour, when in the future the majority of work will be done by machines’. Some analyses have concluded, continues Laoutaris in his article, ‘that a family of four could earn up to 20,000 dollars (some 18,000 euros) a year for its data’.

The IMDEA Networks researcher stresses that the system would have huge benefits for privacy protection. Given that data collection is currently free, companies grab all data within their reach indiscriminately and without knowing whether or not they are useful. If they had to pay for this information, states Nikolaos Laoutaris, there would indeed be discrimination, as they would only compile data they were going to use: ‘paying for data’ - explains the researcher - ‘exercises economic pressure on the companies to apply the minimisation principle’.

Not only this, the obligation of remuneration in exchange for data would lead to the disappearance of ‘parasitic’ companies that currently compile lists of anything and everything ‘from alleged alcoholics to people who are HIV positive’. These services, also according to the researcher, create ‘enormous risks to privacy’. ‘Providing financial compensation for data will let internet companies
acquire higher-quality data. The better data will in turn increase their revenues because they will be more useful for their users.’ The idea of paying for data has already aroused the interest of several sector leaders, including Elon Musk, Mark Zuckerberg and Bill Gates.

In his article, the researcher acknowledges that the transition from the current economy to a system in which paying for data is not only an obligation, but the primordial economic engine, is not simple, but he claims it is possible: ‘Laying the foundations for this new economy and leading with the scalability challenges for calculating payments is only the tip of the iceberg on the road to making a human-centric data economy a reality.’ However, in Laoutaris’ opinion, the option is viable and he even proposes a model for getting it started: ‘A small sample of visionaries is needed, people who are aware of the benefits of the new focus (moderation of disputes between privacy and utility, encouraging users to share more data, etc.) and are using it as a feature to stand out from their competitors. If they are successful, there will be more companies that adopt this practice and, in the end, it will be become a common system.’

About Nikolaos Laoutaris

Research professor at IMDEA Networks since December 2018. Laoutaris is a doctor of computational sciences from the University of Athens (Greece) and worked as a researcher at Harvard University and Boston University. His areas of research centre on privacy, transparency and data protection; the network and information economy; smart transport; distributed systems and network protocols and traffic measurements.

About IMDEA Networks

IMDEA Networks is an independent institute promoted by the Community of Madrid to conduct research on data networks, an area in which it has become an international leader. Its researchers work at fine-tuning technologies and principles in the most cutting-edge technological fields: 5G, big data, blockchains, cloud computing, content distribution networks, data analytics, energy efficient networks, edge computing, indoor positioning systems, Internet of Things, machine learning, millimetre-wave networking, network economy, etc.

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About Us

IMDEA Networks Institute is a research organization on computer and communication networks whose multinational team is engaged in cutting-edge fundamental science and technology. As a growing, English-speaking institute located in Madrid, Spain, IMDEA Networks offers a unique opportunity for pioneering scientists to develop their ideas. IMDEA Networks has established itself internationally at the forefront in the development of future network principles and technologies. Our team of highly-reputed researchers is designing and creating today the networks of tomorrow.

Some keywords that define us: 5G, Big Data, blockchains and distributed ledgers, cloud computing, content-delivery networks, data analytics, energy-efficient networks, fog and edge computing, indoor positioning, Internet of Things (IoT), machine learning, millimeter-wave communication, mobile computing, network economics, network measurements, network security, networked systems, network protocols and algorithms, network virtualization (Software Defined Networks – SDN and Network Function Virtualization – NFV), privacy, social networks, underwater networks, vehicular networks, wireless networks and more...

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