

AI foundation models bring benefits, but risks call for strict monitoring, senior UK antitrust official says

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By [Abhishek Kumar](#)

Algorithmic systems pose risks that may potentially undermine competition and harm the economy as they grow and expand into more corners of business, the UK antitrust authority's chief data and technology insights officer has warned. Karen Croxson focused in a speech on the Competition and Markets Authority's work in regulating such systems and AI-based technologies.

Algorithmic systems pose risks that may potentially undermine competition and harm the economy as they grow and expand into more corners of business, the UK antitrust authority's chief data and technology insights officer has warned.

Karen Croxson's remarks came in a conference* speech in which she focused on the Competition and Markets Authority's work in regulating algorithmic systems and artificial intelligence-based technologies.

A key example of algorithmic collusion she gave was from the US involving a software company colluding with land owners to raise property prices using algorithmic pricing software.

Croxson said the CMA is developing capabilities and investing heavily in studying the deployment of AI in the economy and its impact on consumers, competition and regulators to foster innovation and secure best outcomes for customers, businesses and the economy at large.

The CMA's bespoke Digital Markets Unit studies how end users interact with algorithmic systems, identifies patterns with which these systems undermine enforcers and explores the possibility of designing automated remedies, she added.

The DMU is waiting for statutory enforcement powers as a regulator through legislation currently progressing through Parliament. "A key element of the capability, it has been set up to receive new powers and establish a new regime for ex-ante regulation of the most strategically significant firms in the digital space in the UK," Croxson said.

Croxson said the UK competition watchdog is actively investigating the issue of fake online reviews and the use of AI and algorithmic technology in real-time-bidding adtech systems, the manner in which businesses gather and use third-party data, and the nature of internal governance controls around highly targeted advertising.

"As the technologies in our AI develop and are adopted increasingly by firms, we really see the need to carry out this kind of investigative work into algorithmic systems growing, and we are going to need to further develop our capabilities to really continue to be affected in the space," she added.

Foundation AI models have enormous potential to drive benefits in society, Croxson stressed, and credited the competition regulator's broader market insights and technology scanning program for helping it appreciate the need to study these models in further detail.

"Consumer protection and competition are vital if people are really going to see the fullest benefits from these technologies that avoid harms," she added. Croxson also cautioned about potential risks emanating if consumers are exposed to significant levels of false information, AI-enabled fraud or fake reviews or if a handful of firms gain positions of market power over the long run and then fail to offer the best products and services or charge high prices.

More broadly, Croxson emphasized the need for closer coordination and collaboration among regulators to tackle the use and misuse of digital technologies, including AI and algorithmic systems, more effectively.

**City and Financial Global AI in Financial Services Summit 2023, London, Nov. 21, 2023.*

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