UN TRADE and DEVELOPMENT

Webinar on artificial intelligence deployment for consumer protection enforcement authorities

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Major Challenges Faced by Consumer Protection Agencies when starting, or in the process to deploy AI

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THE COMPETITION AND CONSUMER PROTECTION COMMISSION

MAJOR CHALLENGES FACED BY CONSUMER PROTECTION AGENCIES WHEN STARTING, OR IN THE PROCESS, TO DEPLOY AI

OUTLINE

1. Introduction
2. The Role of AI in Consumer Protection Enforcement
3. Key Digital Challenges that Impact AI Enforcement
4. Measures to Curb some of these Challenges
5. Integrating AI into the Commissions Enforcement
6. Conclusion

Introduction

- The rapid growth of e-commerce and digital transactions presents new enforcement challenges for consumer protection and competition regulation.

- Fraudulent activities, misleading advertisements, and anti-competitive behavior are becoming harder to detect using traditional enforcement methods.

- Artificial Intelligence (AI) offers a transformative opportunity to enhance Consumer Protection Agencies (Agencies) enforcement capabilities, improving detection, monitoring, and response to digital market violations.

The Role of AI in Consumer Protection Enforcement

With the rise of digital marketplaces, mobile money services, and online transactions, Agencies need to evolve their enforcement strategies. AI can support this by:

- Identifying fraudulent e-commerce transactions.

- Tracking misleading digital advertisements.

- Detecting cartel activities and unfair pricing algorithms.

- Monitoring digital financial services to prevent exploitative pricing and hidden fees.

Key Digital Challenges that Impact AI Enforcement

A. Limited Digital Infrastructure

- Many e-commerce transactions occur informally through platforms like **WhatsApp and Facebook Marketplace**, making data collection challenging.

- **Low internet penetration rate** and high data costs limit digital enforcement effectiveness.

B. Data Availability and Fragmentation

- Consumer complaints, digital transactions, and pricing data are scattered across multiple platforms.

- The absence of a **centralized digital consumer complaint system** forces reliance on manual investigations.

Key Digital Challenges that Impact AI Enforcement

C. Regulatory Capacity

- Lack of in-house AI specialists and financial limitations in adopting AI-driven enforcement.

- AI requires significant investment in training and infrastructure to enhance enforcement efforts.

- AI is a very diverse field with developments & advances being made daily, regulations must be relevant and effective to capture possible infringements.

- AI skills and knowledge gap compromises the ability of effective regulation and enhancement of consumer welfare.

Measures to Curb some of these Challenges

To align with enforcement objectives, Agencies must prioritize AI tools that address specific regulatory needs;

A. Limited Digital Infrastructure

- **Chat bots:** Automate consumer interactions and streamline complaint filing.

- **Digital Forensic Tools:** Detect fraudulent marketing and anti-competitive behavior.

B. Data Availability and Fragmentation

- **Image Recognition Software:** Detect misleading advertisements, especially those with false health claims.

Measures to Curb some of these Challenges

C. Regulatory Capacity

- Start with **pilot AI projects** before full-scale deployment.

- Train enforcement officers to **interpret AI-generated insights**.

- Collaborate with **Universities and tech firms** to develop AI solutions tailored to the Agencies market.

- AI tools require continuous **human oversight** to ensure ethical enforcement.

- There is need for continuous capacity building for Officers to equip them with the tools and expertise to remain relevant in their ability to efficiently interpret the results from AI systems.

Integrating AI into the Commission's Enforcement

AI enforcement in Zambia is promising but faces critical digital infrastructure and policy challenges. Despite advances by the Ministry of Science and Technology to integrate AI in the financial sector and minerals exploration, the conversation about AI is still in its infant stage. Below are two of the advances the Commission has and plans to undertake;

- **Case Management System:** The Commission has an internal central case handling system and there are strides to integrate this with a Chat bot that will sit on the Commissions website. The integration of these two tools will entail ease of consumer complaint collection and handling and it will further shift complaint handling from manual to automated handling.

- The CMS is a tool that uses manually fed data and the consumer has no way of tracking the progress of their case unless physically visiting the Commission or via email or phone. With the integration of AI, a consumer can submit their complaint online and will be assigned a case number and they can track their cases anywhere without any physical interactions.

Integrating AI into the Commission's Enforcement

- **Market Surveillance tool:** This is a tool the Commission aims to integrate into its work. It will consist of training Large Language Models to carry out tasks that are tailored to the Commissions work and some of these are Data analysis, Price tracking and Cartel detection by identifying patterns of anti-competitive conduct.

- As the Commission is planning to develop this tool, we are alive to the fact that an AI system is only as good as the data that it is fed. Data availability on most items in Zambia is not something that is easy to come by, hence, a roadmap on how we plan to pool data from multiple sources will be the bedrock of the development phase.

- Further, the digital infrastructure of e-commerce in Zambia is still in a budding stage. Most of the trading transactions are done informally on WhatsApp or Facebook, making it difficult to collect trading information as it depends on the mercy of the supplier to upload it.

Conclusion

- Artificial Intelligence presents significant opportunities for strengthening consumer protection and competition enforcement. However, digital infrastructure, data management, AI expertise, and financial constraints remain key challenges.

- By adopting a structured approach to AI integration, investing in capacity building, and enhancing cross-sector collaboration, the Agencies can harness AI's full potential to safeguard the broader digital economy.

THANK YOU