



FACTSHEET

Artificial intelligence must serve consumers, not harm them

Why artificial intelligence (AI) and algorithmic decision making (ADM) matter to consumers

AI and algorithm-powered products and services, such as virtual assistants and facial recognition tools, are already changing both consumer markets and our societies. It is a technology which evokes big promises of making consumers lives more convenient and our societies better. But the use of AI has major implications about what choices consumers have, how they interact with companies and who would be responsible if anything goes wrong.

Respondents to a [BEUC survey](#) published in September 2020 said that they believed that artificial intelligence (AI) can bring benefits but also voiced concerns such as the issue that AI could lead to an increased abuse of personal data. They also agreed or strongly agreed that companies are using AI to manipulate consumer decisions (64% of respondents in Belgium, Italy, Spain and Portugal and 52% of consumers from Denmark, France, Germany, Poland and Sweden).

Benefits ...

Overall, there are expectations that AI and ADM will lead to – useful and socially valuable – innovations. They power innovative products and services, such as autonomous cars. AI is expected to boost decisive progress in areas such as scientific research and healthcare. Doctors

might be able to diagnose diseases quicker and more accurately and find new cures for illnesses. AI can also be used to make our transport systems more efficient and sustainable.

... and risk for consumers

In a market run by algorithms, transparency and comparability may disappear. Companies can use AI to analyse vast amounts of consumer data and then make predictions and take decisions that have significant impacts on consumers. There is a risk of algorithmic bias and unfair discrimination among different groups of people, for instance on the basis of economic criteria, gender or a

person's health.

More broadly, the use of AI can negatively affect consumers' autonomy and freedom of choice. Our lives become more and more shaped and influenced by decisions made within a "black box", beyond our understanding and control.

Why we need EU action on AI

Current EU rules are insufficient to ensure a high level of consumer protection and deal effectively with issues arising from AI. For instance, EU laws which oblige companies to inform consumers about the use of automated decision making and allow them to contest these decisions are very limited in scope and only apply

in certain situations. Also, existing EU legislation does not guarantee that AI based products and services would be safe and does not properly protect consumers if something goes wrong and they are harmed as a result. Effective tools to ensure oversight and enforcement are lacking.



A solid legal framework is necessary to ensure this technology develops in a way that respects our fundamental and consumer rights and European values.

The EU must show leadership and set a global standard, just as it has on personal data protection.

What must be done?

The European Commission is planning to present a legislative proposal on AI during the first quarter of 2021. The [new rules](#) are likely to focus only on “high-risk” AI applications. Consumer groups are recommending that this new horizontal law has a broader scope. Legal obligations should gradually increase depending on the identified level of risk, with some basic principles and obligations (e.g. regarding fairness and transparency)

applicable to all AI and ADM applications. From there, the greater the potential of algorithmic systems to cause harm, the more stringent the legal requirements should be. An approach whereby regulation would be limited to “high risk” applications would exclude many AI uses that have an important impact on consumers’ everyday lives from the scope of the legislative initiative.

The new horizontal law should be part of a broader review of relevant EU rules (e.g. product liability and product safety rules, consumer law) to put in place a comprehensive legal framework that guarantees a strong set of [AI rights for consumers](#), specifically including:

- Rules to ensure that AI-powered products and services are safe and secure, and are kept that way throughout their expected lifetime.
- Rules to prohibit unfair algorithmic practices and ensure AI and ADM are used in a fair, transparent and responsible way.
- A strong oversight and enforcement system, including effective redress mechanisms and public enforcement if risks associated with AI and ADM materialise.
- Liability rules to ensure compensation in case of harm arising from AI-powered products and services.

For more details on BEUC’s position on artificial intelligence, see [here](#) and [here](#).



BIOMETRICS

The use of biometrics, such as facial recognition or fingerprints, for commercial purposes, is particularly worrying and risky. Supermarkets for instance have started exploring the use of fingerprints for payments. It may be a convenient and secure way of paying but there are obvious (high) risks with regard to peoples’ rights to privacy and data protection. It also raises questions about necessity and proportionality, compared to the benefits it brings.



PERSONALISED PRICING AND MICRO-TARGETED OFFERS

Businesses are collecting all sorts of consumer data (e.g. sensor data from smart devices such as fitness trackers, people’s social media activities, their online purchases and browsing history). They use AI to combine this data, build detailed consumer profiles and make assumptions about their conditions and preferences in order to adapt offers for products and services and influence consumers’ behaviour.