

CMA lifts the lid on impact of algorithms

The Competition and Markets Authority (CMA) is [now seeking evidence](#) from academics and industry experts on the potential harms to competition and consumers caused by the deliberate or unintended misuse of algorithms. It is also looking for intelligence on specific issues with particular firms that the CMA could examine and consider for future action. The research and feedback will inform the CMA's future work in digital markets, including its programme on analysing algorithms and the operation of the [new Digital Markets Unit](#) (DMU), and the brand-new regulatory regime that the DMU will oversee.

Much of people's lives is spent online, be it consuming news, socialising, dating, ordering food, or arranging travel. Many of these online activities and the markets that underpin them could not exist without algorithms, often in the form of artificial intelligence, and these have enabled considerable gains in efficiency and effectiveness. However, they can negatively impact consumers in various ways.

Algorithms can be used to personalise services in ways that are difficult to detect, leading to search results that can be manipulated to reduce choice or artificially change consumers' perceptions. An example of this is misleading messages which suggest a product is in short supply.

Companies can also use algorithms to change the way they rank products on websites, preferencing their own products and excluding competitors. More complex algorithms could aid collusion between businesses without firms directly sharing information. This could lead to sustained higher prices for products and services.

The majority of algorithms used by private firms online are currently subject to little or no regulatory oversight and the research concludes that more monitoring and action is required by regulators, including the CMA. The CMA has already considered the impact of algorithms on competition and consumers in previous investigations, for example [monitoring the pricing practices of online travel agents](#).

Kate Brand, Director of Data Science, said:

"Algorithms play an important role online but, if not used responsibly, can potentially do a tremendous amount of harm to consumers and businesses. Assessing this harm is the first step towards being able to ensure consumers are protected and complements our wider work in digital markets to promote greater competition and innovation online.

"We want to receive as much information as possible from stakeholders in academia, the competition community, firms, civil society and third sector organisations in order to understand where the harm is occurring and what the

most effective regulatory approach is to protect consumers in the future.”

This work is being led by the CMA’s Data, Technology and Analytics (DaTA) unit, the largest team of data and technology experts in any competition or consumer agency worldwide.

As well as playing a vital role in informing the work of the new regulator, the DMU, it will play a key role in supporting our wider [Digital Markets Strategy](#) to protect consumers in dynamic markets online. The CMA intends to work closely with the ICO and Ofcom, through the Digital Regulation Cooperation Forum, in taking this work forward.

For more information, visit the [algorithms paper](#) web page.

For media enquiries, contact the CMA press office on 020 3738 6460 or press@cma.gov.uk.