

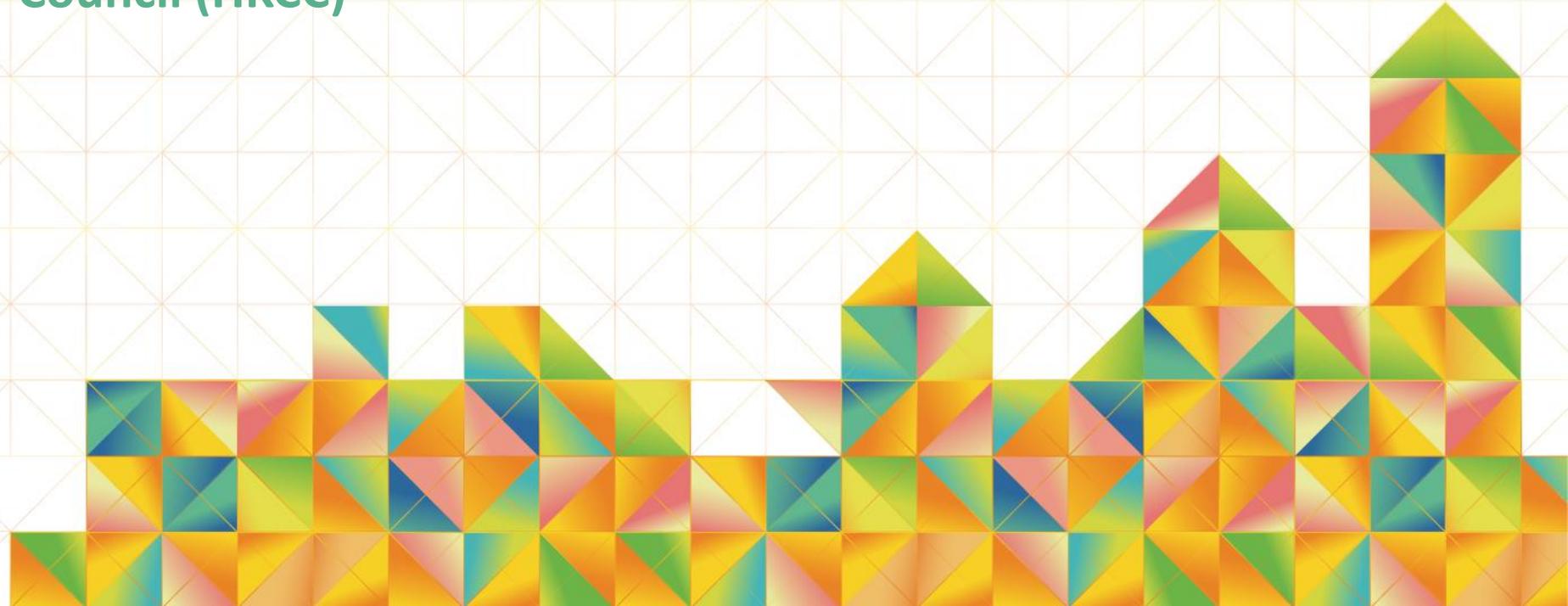


Consumer Rights and Advocacy in Digital Economy and Artificial Intelligence

Hong Kong Consumer Council (HKCC)

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The Digital Economy Landscape

- Hong Kong, as a global financial hub and one of the leaders in digital innovation, our economy is rapidly digitalising, with e-commerce, fintech, and AI-powered services on the rise.
- The Hong Kong SAR Government is implementing a comprehensive digital transformation strategy, comprising over **100 initiatives** in **digital government and smart city** development.
- The Hong Kong SAR Government established the **Digital Policy Office** in July 2024, which will formulate policies and initiatives relating to the digital development of Hong Kong.
- Hong Kong also plays a crucial role in facilitating **cross-border trade and collaboration** between the Mainland China and the rest of the world, to drive the digitalisation of its economy.



Measures of HKCC to Enhance Consumer Protection

Empower consumers with better knowledge on digital market

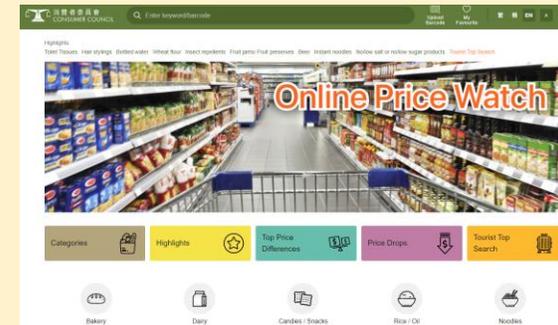
- Adopts multiple approaches/ channels to provide relevant information to the general public and different targeted consumer segments.
 - E.g. Publication of product tests, survey reports, in-depth market studies, media interviews, educational talks.

Strengthen international cooperation for cross-border dispute resolution

- Actively engages with consumer organisations in other countries/cities for a Memorandum of Understanding (MOU) on cross-border consumer disputes.
- This provides an establishment of an information exchange and referral mechanism and strengthen cooperation between the two parties in the handling of online consumer disputes.

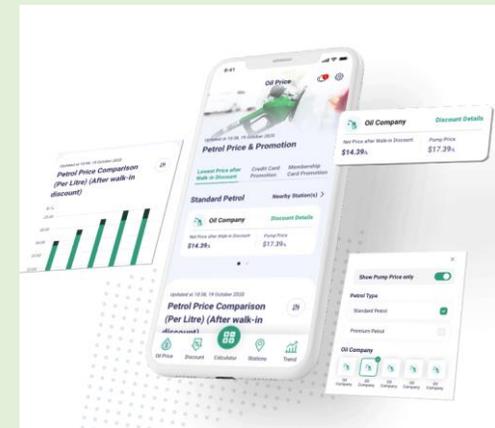
Online and offline market surveillance on grocery prices

- Manages a website “Online Price Watch” to provide enhanced experience in monitoring grocery prices at online and offline food vendors.
- This helps increase the price transparency for consumers on various daily commodities such as rice, oil and groceries.



Oil Price Watch for auto-fuel price tracking

- Manages a website and app “Oil Price Watch” to monitor auto-fuel retail price in Hong Kong.
- This helps promote price competition among oil companies and enable consumers to make their own choice among various kinds of discounts and promotions.



Empowering consumers

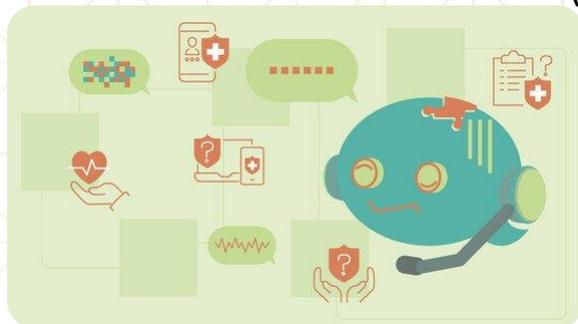
- The rapid pace of digitalisation has led to a significant surge in the popularity of various digital products and services among consumers.
- During the past 2 years, HKCC conducted over 10 tests and surveys on different digital products and services and alert the public through our CHOICE magazine.



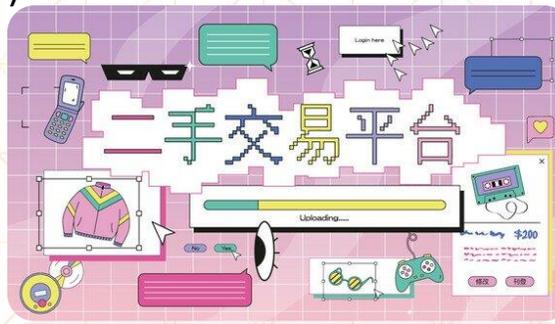
Spam call blocker apps
(May 2024)



Food delivery platforms
(Feb 2024)



Virtual insurance companies
(Dec 2023)



Online second-hand platforms
(Jan 2023)



Online dating apps
(Jan 2023)

In-depth Study Report on AI

- In 2022, HKCC released a study on the use of AI in e-commerce in Hong Kong to identify various challenges currently faced by consumers when they use AI. It is found that:
 - **AI brings both pros and cons to consumers;** consumer confidence could be enhanced through effective risk mitigation;
 - Consumers are **keen on online shopping but unfamiliar with AI;** they anticipate the right to know and the right to choose;
 - Consumers in general are worried about the risks of AI, while **cybersecurity, privacy protection and accuracy** are top concerns of consumers.
 - Many consumers have not **yet developed habits to protect their own personal data** when shopping online.



Key Findings



Consumer: Worries and demands

Worries & Concerns

Demands

74%

Online stores will collect too much personal information from me when adopting AI

74%

Somebody may abuse the use of AI and generate risk to me

72%

If AI algorithms go wrong, no one will be responsible for the problems caused

81%

Online stores can let me choose whether or not to use AI tools

78%

Online stores can inform me when they are using AI to provide services

68%

Online stores can explain how AI computes and makes decisions for me

N=1,219 respondents (consumers)



Trader: Insufficient disclosure for consumers to decline data collection and the use of cookies

Decline Data Collection

Decline the Use of Cookies

42%

informed consumers how to reject data collection

39%

specified how consumers could opt out of cookies tracking

N=111 respondents (online stores)

Advocacy for a “Responsible and Ethical AI”

Vision

To Enable the Development of
“**Responsible** and **Ethical AI**” in E-commerce to Safeguard Consumer Interests

Targets

Traders

Consumers

Government

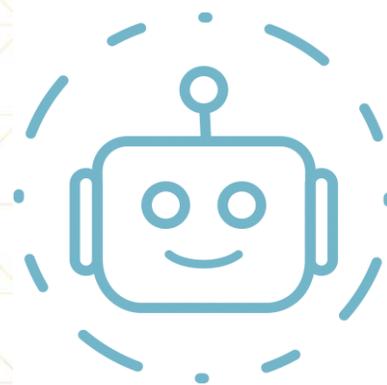
Actions

Adopt the checklist of best practices to formulate company AI policy and governance

Follow the tips to be a smart consumer when shopping online

Nurture AI understanding of the Public and Traders

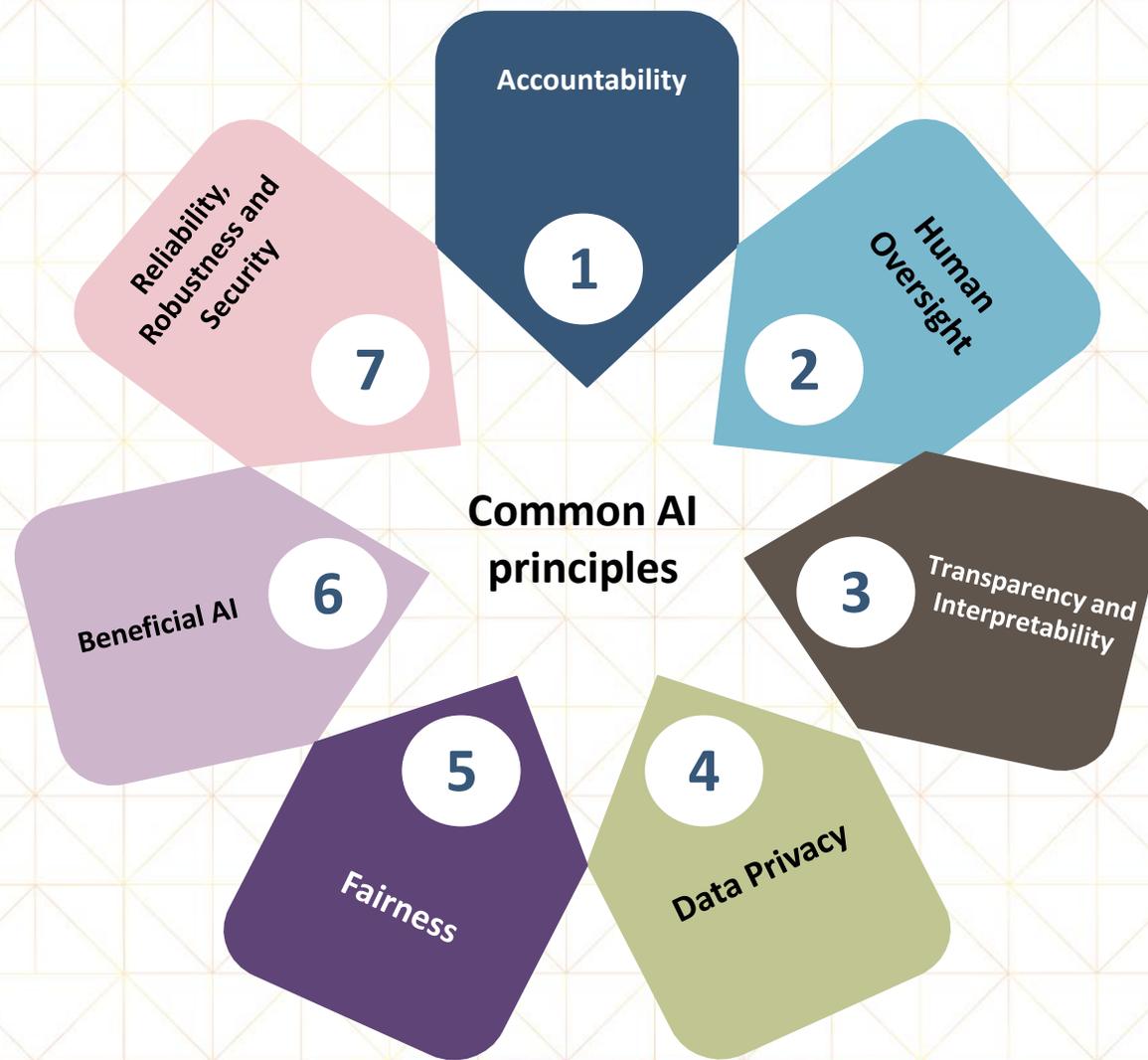
Establish a “Consumer Charter” to Enhance Consumer Confidence



Establish a holistic policy for AI development

Build a fair and competitive e-commerce market

Common AI Principles



Sustainability of AI

- AI is powerful and continues to advance and permeate every aspect of our lives, it's also essential to consider the sustainability issue with respect to the following aspects.



Environmental
and energy cost



Human rights
and fairness



Data privacy
and security



Policy and
regulation



Copyright
issues



Cost and
accessibility

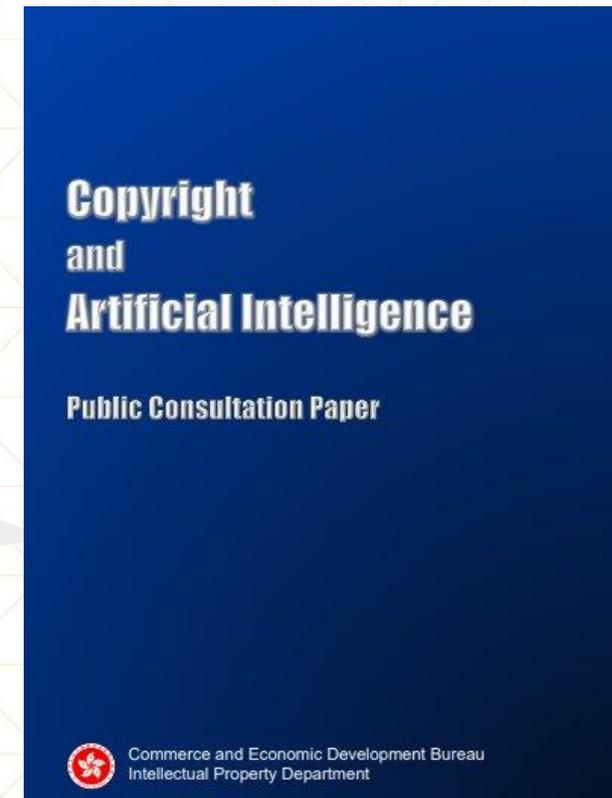
Copyright Issues of AI

- Traditional notions of authorship and creativity are being challenged by the rise of AI-generated content in the digital age.
- Who owns the copyright to AI-generated works?
 - Can AI models use copyrighted works in training?
 - Whether consumer-users of AI-generated works would be held liable for possible copyright infringement?

Protecting the rights
of human creators



Fostering growth of
AI industry and its
associated benefits



Jul 2024: Commerce and Economic Development Bureau (CEDB) launched a public consultation on enhancing the Copyright Ordinance

Online/Digital Scams and Measures

- With the rapid growth in digitalisation and AI usage, the number of online scams worldwide continued to grow, and Hong Kong has no exception.
 - In 2023, according to the Hong Kong Police Force (“HKPF”), the most prevalent type of online scam was **“online shopping scam” (32.8%)**.
 - As of May 2024, a total of 21 online **deepfake video clips** involving impersonation of government officials or celebrities were identified by or reported to the HKPF.
 - A Hong Kong employee tricked into paying out **US\$25 million** after video call with deepfake “CFO” of UK multinational firm.
- Current measures by HKPF
 - “Scameter” – a one-stop scam search engine to assist in identifying and preventing online scams
 - Enhancing overseas collaboration
 - Strengthening of professional competence of regulatory bodies
 - Publicity and education



Related Regulatory Framework for AI

- In recent years, different countries have established AI regulatory frameworks to address concerns around data privacy, bias, accountability, and transparency, such as:
 - EU – AI Act (came into effect in Aug 2024)
 - Mainland China –
 - Administrative Provisions on **Algorithm Recommendation** of Internet Information Services (2022)
 - Administrative Provisions on **Deep Synthesis** in Internet-based Information Services (2022)
 - The Interim Measures for the Management of **Generative AI Services** (2023)
 - Hong Kong –
 - Ethical Artificial Intelligence Framework by Digital Policy Office (2021)
 - The Smart City Blueprint for Hong Kong 2.0 (2020)



Mainland China and EU: Regulatory Approach

Mainland China's AI regulatory approach



**Purpose-specific
(e.g. Algorithm, GenAI)**



**Real-name registration for all
AI service providers**

EU AI Act's regulatory approach



**For general-purpose AI
models**



**Risk-based approach
(AI applications with high risk
would be regulated)**

Conclusion

- Amidst the rapid transformation of the digital economy, AI has become a driving force for societal and economic development.
- Hong Kong Consumer Council believes that a three-pronged approach must be adopted to leverage and transform the power of AI into an engine to fuel the development of our economy.



Continuously
enhancing policy
framework



Improving the performance
of digital governance
amongst traders



Strengthening
consumers' ability to
protect themselves





消費者委員會
CONSUMER COUNCIL

