

GVH launches market analysis on the impact of artificial intelligence

The Hungarian Competition Authority - GVH explores the effects of technology on market competition and consumer behaviour

Budapest, 4 January 2024 - The Hungarian Competition Authority is conducting a market analysis to investigate the impact of artificial intelligence on competition and consumers' transactional decisions. The explosive growth of new technology could distort competition in digital sectors and leave consumers more vulnerable. The GVH is exploring these risks in advance.

Artificial intelligence (AI) is a rapidly evolving form of technologies that is already impacting consumers' everyday lives, often without them even knowing it. With the rapid development of AI-based devices and their integration into existing digital services, the technology could soon become a dominant part of the daily lives of individuals and businesses, and in time even of government. The further development of AI-based technology and its lawful and fair use can contribute to a wide range of economic and social benefits, but also entails significant risks.

The explosion of artificial intelligence, its exponential growth, and its urgent market launch have led to two main areas of concern, which are the main focus of the GVH's investigators:

- **AI-based technology can pose a threat to fair competition in the market.** Artificial intelligence is currently considered a new and innovative technology and its development is currently very resource-intensive. Only the largest technology giants currently have sufficient resources - and the technological expertise to facilitate its development - to gain a significant competitive advantage in the market. As a consequence, the practical application of artificial intelligence may become a privilege for a narrow group of companies, which could distort market competition in digital sectors in the future.
- **AI-based technology can make consumers more vulnerable.** There are a number of data collection and advertising practices in the digital space that can be dangerous for consumers. By using AI, businesses can take the collection and use of consumer data to a new level, as well as the use of 'dark patterns' and personalised advertising. A prominent example of this risk is the operation of chatbots, where the consumer is unaware whether the response they receive from the AI is based on a credible source or the result of a paid promotion.

The Hungarian Competition Authority pays particular attention to investigating the market behaviour of large technology companies and online platforms that affect the interests and position of a significant number of consumers and businesses. In recent years, the GVH has

imposed competition remedies on Google and PayPal, among others, and has imposed significant fines of competition proceeding on Apple and Booking.com in Hungary.

The GVH is currently investigating the behaviour of Viber, part of the Rakuten Group, and in 2023, launched proceedings against Microsoft for possibly failing to adequately inform users about certain features of its search engine with artificial intelligence chat. The GVH closed its investigation into TikTok at the end of November, in which the GVH achieved results with global impact.

The issue of artificial intelligence is increasingly being raised in proceedings against technology giants, so **the market analysis now being launched will also support the competition authority's effective competition enforcement activities.**

A notice setting out the investigative steps, timing and other details of the market analysis is available on the website of the GVH in Hungarian:

https://www.gvh.hu/dontesek/agazati_vizsgalatok_piacelemzesek/piacelemzesek/hirdetmeny-piacelemzes-meginditasarol-az-a-mesterseges-intelligencia-piaci-versenyre-es-fogyasztokra-gyakorolt-hatasainak-vizsgalata-targyaban

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