AI to Regulate AI

Joint Workshop (Q4/1 & Q6/1)

Personal data usage: regulatory and economic perspectives

April 2024

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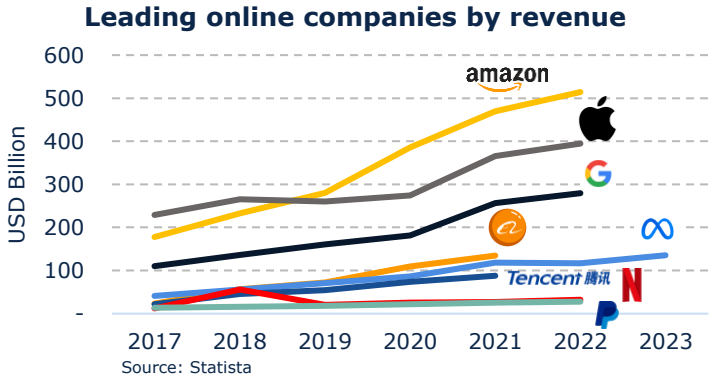
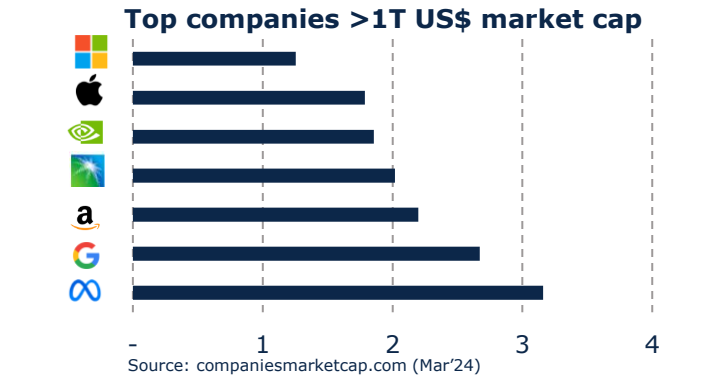
AI is meant to cause a relevant impact on society, but personal data, a key input for models, remains today in corporate silos and the nascent data economy is:

Potentially impactful

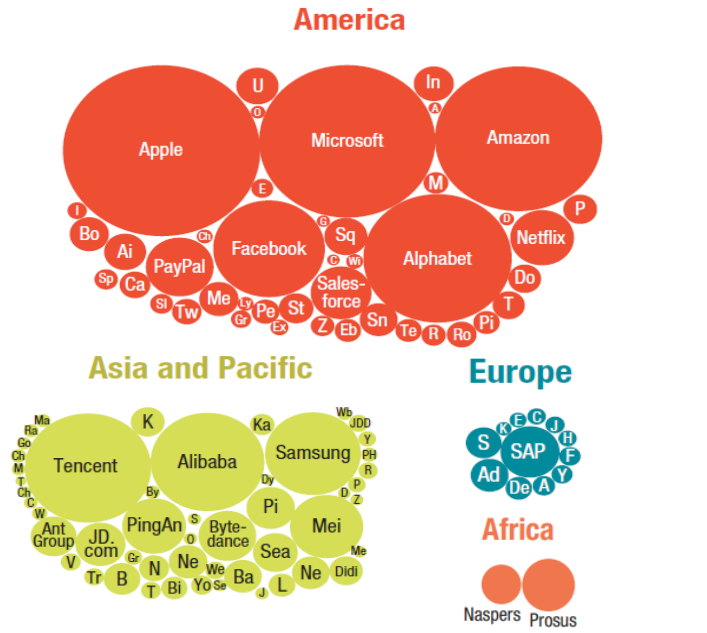
- Data Economy Up to 827 bn€ in 2025 within EU27+UK
- Data economy impact on EU27+UK up to €1.3 billion in 2030 (EC, 2024)
- Data-driven decision making to reach US$2.5 trillion globally by 2025 (McKinsey & Co 2016)
- AI to potentially deliver additional global economic activity of US$13 trillion by 2030 (McKinsey & Co 2018)
- Global GDP could be up to 14% higher in 2030 as a result of AI, an equivalent of US$15.7 trillion (PwC 2017)

Led by horizontal oligopolies





Geographically imbalanced



Top 100 Global Digital Platforms by market capitalization (2021)

Source: UNCTAD. Digital Economy Report. Cross-border data flows and development: For whom the data flow. 2021

This concentration is mainly due to two factors: the peculiarities of data as an economic good, and increased network effects of data services

Data as an economic good

- Available
- Costly
- Freely replicable
- Non-depletable
- Reusable
- Non-rivalrous
- Context-specific
- Inherently combinatorial

Increased network effects

Traditional network effects

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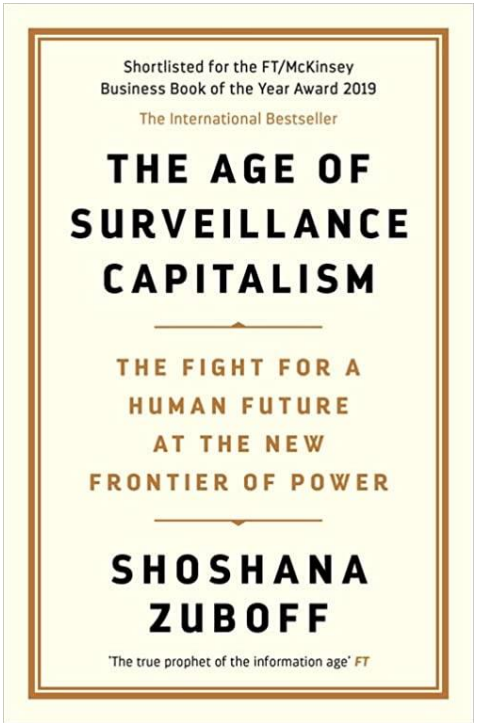
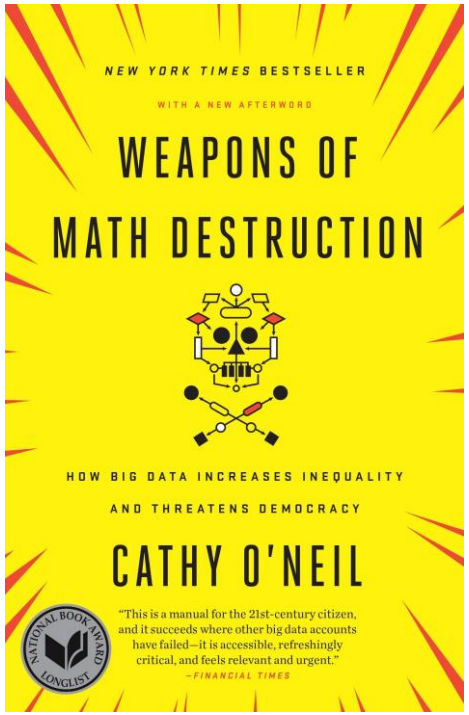
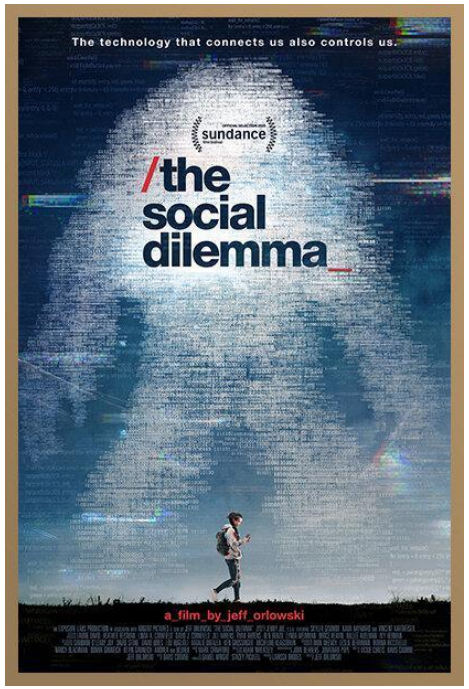
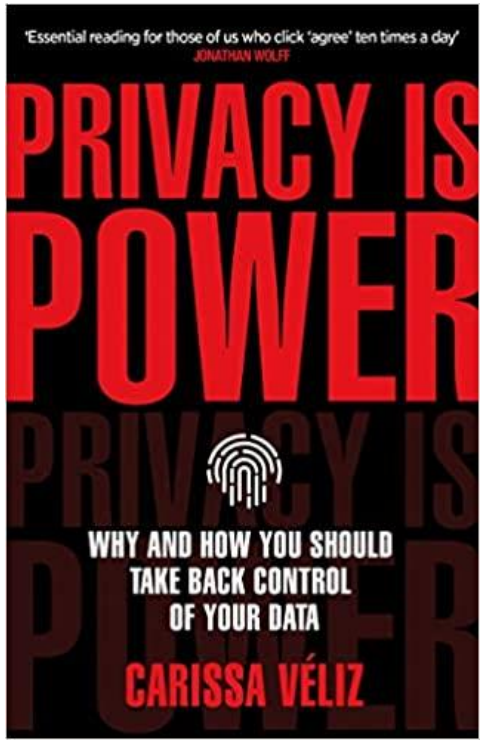
Additional value coming from usage data feedback loops

The massive collection and exploitation of personal data in exchange for services has raised a general concern about privacy and AI ethics…







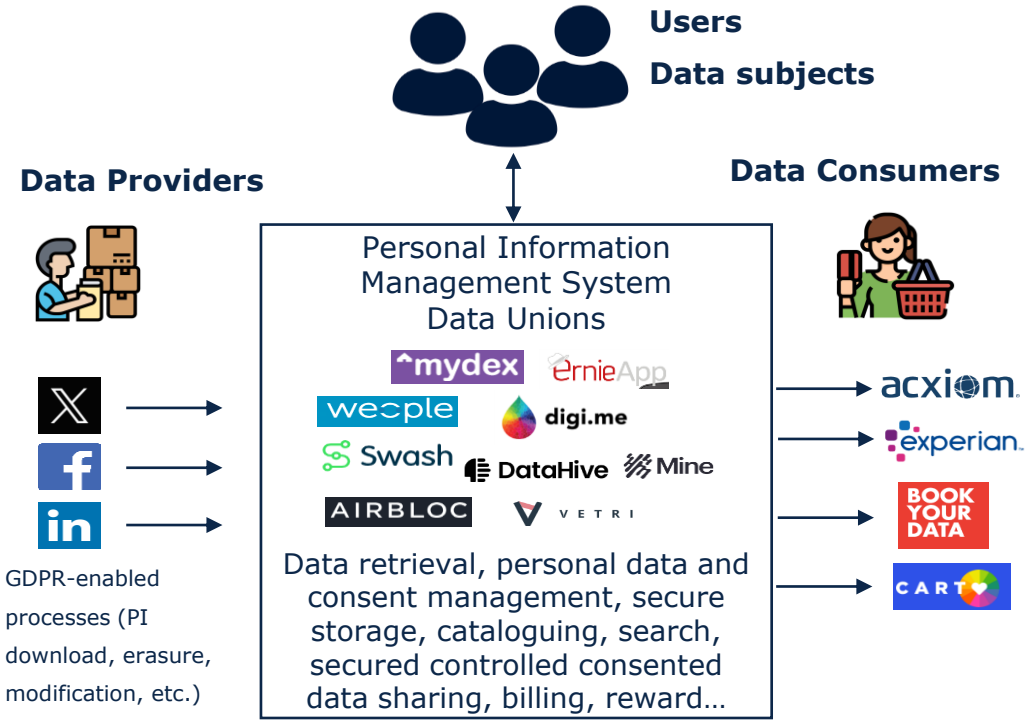


… which inspired a 1st wave of data protection & a 2nd set of IT-like regulations in the EU dealing with competition issues, data exchange & services, and AI risks

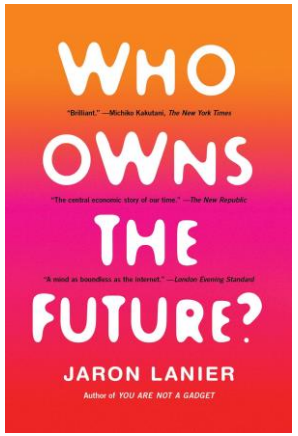
Digital Regulation	Objective	Traditional IT regulation
Digital Markets Act	1. Foster competition and deal with digital markets dynamics and inherent concentration	▶ Market analysis and dominance
Data Governance Act	1. Create the conditions for harmonised data sharing 2. Neutrality of intermediaries	▶ Licensing & registration ▶ Net Neutrality
Data Act	1. Maximise the value of data in the economy 2. Widen stakeholders that have control over data 3. Increase the availability of data for innovation	▶ Technical regulations – interconnection ▶ Number (data) portability
Digital Services Act	1. Address fundamental rights of users 2. Ensure a safe, predictable and trusted online environment	▶ Consumer protection and rights ▶ Obligations such as law interception
AI Act	1. Ensure AI trustworthiness	▶ Technical QoS Regulations

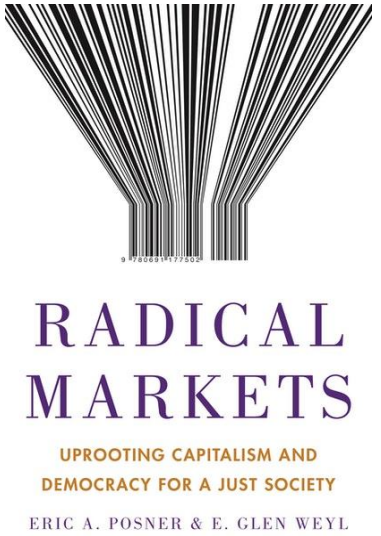
However, more disruptive approaches to develop and regulate data markets may be studied and required in the future.

PIMS / Data Unions



Data as Labor





AI regulatory authorities will require automated monitoring processes to enforce new regulations and exert some control over the market. We will need AI to regulate AI

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institute IMDEA networks

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