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GRAHAK SATHI

Fair and Responsible AI

Papers by
Law School Students

World Consumer
Rights Day

15 March 2024

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Today Artificial Intelligence (AI) has become an integral part of every aspect of our lives. Therefore, it is reasonable to be concerned about Fair and Responsible AI. 15 March is celebrated every year as World Consumer Rights Day (WCRD) around the world to highlight the importance of consumer protection and empowerment. This year's theme for World Consumer Rights Day, "Fair and Responsible AI" focuses on this very issue which is crucial for consumers across the global.

As a part of our internship programme, we asked a few students from law colleges to present insights into "Fair and Responsible AI". The papers by the students shed light on the multifaceted dimensions of AI from the perspective of consumers. The students delve into the benefits, uses and the risks that are inherent in AI. Moreover, they emphasize the crucial role of legal frameworks in safeguarding consumer rights in the age of AI, advocating for robust regulations that prioritize transparency, accountability and human dignity.

Here we present two papers by these students. We are sure some of their insights will serve as a catalyst for meaningful dialogue and action, as we strive to harness the power of AI for the betterment of society.

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Fair and Responsible AI in E-Commerce

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We live in the digital age, where virtually anything can be accomplished with a single click. In an increasingly digitized world, mobile phones, the internet, and electronic devices are no longer considered luxury items but essential components of daily life.

With the advent of technological advancements, a system of digital platforms for purchasing, selling, and monetary transactions has emerged; the E-commerce platforms. These platforms, which have been available for a considerable period of time, are continuously adapting to the technological and consumer demands. Artificial intelligence (AI) technology, a machine's ability to perform the cognitive functions we usually associate with human minds, which were previously exclusively found in science fiction, is now a part of our daily life. E-commerce organisations have integrated AI in a variety of business processes and will continue to discover new and inventive applications for AI in e-commerce as usage grows and technology progresses.

Although the use of AI has great advantages for the e-commerce industry like increasing sales, providing personalized services to consumers, providing prompt replies in the form of chatbots, or preventing any other fraudulent activities; it can have contradictory effects on consumers.

AI holds a lot of pros, but is steeped in a plethora of cons as well for consumers, with billionaire CEO Elon Musk stating, "AI is far more dangerous than nukes." With this article, we attempt to give a brief insight into both sides of the coin and how consumers can harmoniously get the best out of AI while being aware of all the dangers it may pose to consumers.

AI IMPROVING CONSUMER EXPERIENCE
AI's rapid rise has influenced every facet of modern business. AI may also be used to streamline and optimize the customer experience, allowing you to reduce friction in the buyer journey, generate more leads, and increase sales to previously unheard-of levels. AI and customer experience are inseparable in today's corporate climate. As the number of AI-powered tools grows, organisations are discovering all kinds of fascinating new applications for both artificial intelligence and machine learning technology. Here are some ways in which AI can enhance consumer experience-
·**Providing self-service tools**
Using AI to give resources for customer interactions, like chatbots, enables your users to become their own advocates and issue solvers. Chatbots can address basic user questions even after regular office hours. This feature enables you to provide 24/7 help without hiring additional customer service professionals or incurring substantial overhead.

·**Personalized notifications**
Personalization of notifications through AI by analysing search histories and usage patterns of consumers can hold several benefits for firms with better conversion rates due to a higher degree of relatability, increased trust in the product or service being marketed and an overall increase in satisfaction through personalization. However, this may pose to be a double-edged sword, as has been discussed in the upcoming section.

·**Predicting customer needs**
AI systems utilize predictive analytics to interpret current customer behaviour. AI can also be used to analyse client behaviour to predict what they will desire or need in the future. This improves the consumer experience by demonstrating that the brand remembers and is aware of the customer's wants. Most

customers are also more inclined to make repeat purchases when they can do so with a few clicks rather than having to go through the complete browsing and checkout procedure again.

There is a long list of how the consumer experience can be enhanced by AI, but let us take a look at an example where AI is already working to maximize the consumer experience:

SPOTIFY ensures that all of its users can begin their mornings with a variety of personalized playlists depending on their recent listening history. The platform's strong AI customer experience software generates a personalized playlist for each user. Known as "Discover Weekly," this fan-favourite tool also helps new and emerging musicians achieve attraction on the site by recommending newly released songs from artists in genres that users appear to love.

HOW AI AFFECTS CONSUMER AND E-COMMERCE BUSINESSES
·Enhanced product visuals
E-commerce platforms use AI to enhance product visuals, beautify the product in a way that it seems more attractive to the consumers. This includes using high-resolution photographs, close-ups, and interactive components to enhance the buying experience. Due to such technology being readily available, e-commerce uses them to deceive consumer expectations of their products. On receiving the products, consumers often feel disappointed when the goods they receive do not meet the expectations set by the photographs seen online; hence making it an unsatisfactory experience of purchase, while the e-commerce platforms have a rather profitable deal as the visuals attract more and more customers and the cost of conducting a photoshoot for a product is dramatically reduced.

·Filter fake reviews
The development of e-commerce has resulted in sponsored or fraudulent review comments. Most e-commerce platforms feature a 'reviews' comment section where it is expected that a customer who has purchased a product will leave genuine feedback. However, over time, it has been discovered that the comment area is full of fraudulent or paid reviews, implying that the reviews cannot be relied on uncritically. Hence, AI is deployed to filter out fake reviews and only promote unbiased reviews through a chain of genuine buyers and users. This is a boon for consumers as it provides transparency to check what the fellow buyers have said about their product experience and allows them to understand the know-how of a product.

·Personalized notifications
Even if we do consider the plethora of benefits posed by personalized notifications to consumers and how they could contribute to a better symbiotic relationship for consumers and firms, it poses severe privacy related concerns as well. There is a myriad of consumers who still give a lot of unintended permissions inadvertently to firms to process data, which may have a high possibility of misuse through improperly trained AI algorithms. This makes it highly important for consumers to be aware of the permissions they give to apps and the ramifications such permissions could potentially hold for them.

Topics like "data ethics" and "AI ethics" were only discussed by academics and nonprofits a few years ago. However, currently, the world's largest tech companies, including Microsoft, Facebook, Twitter, Google, and others, are assembling rapidly expanding teams to address the ethical issues that arise from the widespread gathering, processing, and application of vast amounts of data, especially when those data are used to train artificial intelligence (AI) models.

Companies are scaling their reputational, regulatory, and legal risks. We have observed many instances of companies facing the adverse brunt of not being responsible enough for protecting consumer rights and their privacy when it comes to AI. For instance, Los Angeles is suing IBM for allegedly misappropriating data it collected with its ubiquitous weather app. Optum is being investigated by regulators for creating an algorithm that allegedly recommended that doctors and nurses pay more attention to white patients than to sicker black patients. Goldman Sachs is being investigated by regulators for using an AI algorithm that allegedly discriminated against women by granting larger credit limits to men than women on their Apple cards. Facebook infamously granted Cambridge Analytica, a political firm, access to the personal data of more than 50 million users. Even Indian companies need to catch on to the global trend of companies taking necessary steps to protect consumers with the new data protection law lacking significant oversight to protect AI-related harms to consumers.

Missing the mark can expose companies to reputational, regulatory, and legal risks, but that is not the half of it. Failing to operationalize data and AI ethics leads to wasted resources, inefficiencies in product development and deployment, and even an inability to use data to train AI models at all. Therefore, it would be a lose-lose scenario for both companies as well as consumers if the companies do not operationalize their AI models ethically.

PATH TO FAIR AND RESPONSIBLE AI

1.Creating and updating organisational data and AI ethics infrastructure: A data governance board that meets to review privacy, security, compliance, and other data-related concerns is one example of an existing infrastructure that may be leveraged to create a successful program for data and AI ethics. If there is no such organisation already in place, businesses can establish one using professionals with a background in ethics, such as those in cyber, risk and compliance, privacy, and analytics. They might call it an ethical council or committee. Consulting with a subject matter experts might also be helpful.

2.Creation of an industry-specific data and ethical AI risk framework: A strong framework explains how operations include ethical risk mitigation. It should specify, for example, the moral guidelines that data collectors, product developers, managers, and owners must follow. It should also specify the precise procedure for bringing ethical issues before a committee or higher-ranking executives. Any business should inquire about any procedures that check for unjustifiable results, privacy infringement, and biased algorithms.

3.Building general organisational awareness: The company's data and AI ethical framework should be understood by everyone who interacts with data or AI products, whether they work in operations, marketing, or human resources. Establishing a culture that supports the effective implementation and upkeep of a data and AI ethics policy necessitates training and upskilling staff members as well as giving them the authority to voice concerns to the relevant deliberative body and raise significant issues at critical junctures. Throughout this process, it is critical to express the organisation's reasons for caring about data and AI ethics in a way that shows the commitment is genuine and goes beyond a public relations ploy.

4.Monitor impacts and engage stakeholders: Creating organisational awareness, ethics committees, informed product managers, owners, engineers, and data collectors is all part of the development and, ideally, procurement process. But due to limited resources, time, and a general failure to imagine all the ways

things can go wrong, it is important to monitor the impacts of the data and AI products that are on the market.

HOW CAN CONSUMERS SAVE THEMSELVES FROM BEING DUPED BY UNETHICAL AI SYSTEMS

1.Opt for Automatic Software Updates: To help protect devices from cybercrime, consumers should make sure to turn on automatic updates for all software, especially for frequently used browsers and apps. Many people forget to update manually. Hackers and dangerous AI programmes target weaknesses in programs that can later be fixed with a patch or update—but only if the consumer keeps their software current. This reduces new threats.

2.Password optimization: Use unique passwords for every website. Otherwise, if one website is compromised, the same credentials could be used to authenticate to other services. This can be easily avoided by using a password manager. There are several good open-source options out there that are safe. In addition to generating strong passwords, they also enable you to use two-factor authentication, which makes hacking an account much harder.

3.Never Trust the Default Settings: Whenever you are opening a new account or downloading a new app, the first thing you should do is have a close look at the security settings. Options such as multi-factor or two-factor authentication and other safeguards such as biometrics may or may not be enabled. Conduct a similar audit on any current apps, platforms or services you are using.

4.Use a firewall: Firewalls filter all incoming and outgoing traffic and prevent suspicious data from passing based on a set of predefined security rules. Firewalls can be hardware, software, or cloud-based and can be programmed to filter traffic based on known threats and the level of security required.

5.Public Wi-Fi networks in airports, malls, cafés, and other unsecured locations are subject to man-in-the-middle attacks and other hacking tactics intended to intercept information. If you use a public Wi-Fi network, you should use a VPN to secure the connection. A VPN will also mask your IP address so you can browse the internet privately.

Along with all this, it is of paramount importance for consumers to perpetually educate themselves about ethical AI use and keep themselves aware of their rights and duties as consumers.

CONCLUSION

Countries like the US have already adopted laws for AI and have taken a step to match with the changing times and have adopted acts like
1.The Equal Credit Opportunity Act (ECOA), making it illegal to use a biased algorithm that results in credit discrimination.
2.The Fair Credit Reporting Act (FCRA), making it illegal to use an algorithm to deny people employment, housing, etc.
3.Section 5 of the FTC Act, prohibits unfair or deceptive practices. It offers seven recommendations on how to use AI truthfully, fairly, and equitably.

Many countries are proactively adopting legislations to govern the grey area surrounding AI. The Indian lawmakers could consider adopting a law compatible with the Digital Personal Data Protection Act, 2023 to safeguard the rights of netizens or consumers. However, currently, with a lacuna of laws and regulations governing AI use for consumers in India with the latest Digital Personal Data Protection Act, 2023 not having any provisions for AI, Indian consumers need to be extra cautious of their data and its privacy with harms looming large in the digital fray.

AI and Consumers:
A Double-Edged Sword

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With the advent of a larger digitalised world, we have come in tandem with the new normal technology that has impacted most of our day-to-day activities. This aforesaid technology is none other than Artificial Intelligence (AI). The surge of generative AI has woven itself into the fabric of modern life, revolutionizing industries and transforming the way we live, work, and interact. It is aiding consumer satisfaction, but it also creates a fear of data privacy and a lack of human touch for consumer redressal. These pros and cons of AI pose a challenge for us to deliberate on the fairness and responsibilities of both AI and consumers.

Before understanding the juxtaposition of the benefits and fears of AI, we must acquaint ourselves with the layman's definition of AI, which refers to the simulation of human intelligence by software-based heuristics. But for numerous consumers, AI is synonymous with OpenAI's ChatGPT, which brought AI into the mainstream and created a familiarity with AI. However, ChatGPT represents only a small portion of how AI technology is being used today.

AI has multifaceted uses, from personal experiences like- navigation, shopping, advertisements, web searches, digital personal assistants, machine translation, and smart homes to much wider uses like- cyber security, tackling COVID-19, fighting misinformation and public administration and services. AI has evolved as a necessity that cannot be ignored. However, this technological marvel comes as a double-edged sword, presenting both immense benefits and potential pitfalls for consumers.

The Revolutionary Work of AI in Consumer Service
Advancements in AI technology have brought a wave of innovative and creative solutions to myriad of problems, one being customer service and support. In the realm of consumer support, AI powered chatbots and answering systems have improved consumer's experience by providing 24x7 quick and efficient responses to their queries and thus reducing the waiting time. Companies and businesses also utilize AI algorithms to study a vast amount of personal data and tailor product recommendations and put out targeted advertisements, which benefits consumers as they do not have to spend time looking through unwanted products. This level of personalisation not only improves consumer delight but also promotes corporate success.

But the major downfall to this is the lack of human touch and emotions and the invasion of the consumer mind. AI chatbots have limited data and are constrained by the prompts fed to them. They do not show any signs of empathy and emotions, which is an important aspect of customer service. AI-powered chatbots also struggle to comprehend complex language structures and grasp the context of certain queries. This can in turn lead to misrepresentation and unsatisfactory responses and thus lead to frustration among consumers. Another major concern due to the automation of customer service is the potential job displacement that it can lead to. Therefore, rather than replacing human agents, we must find a harmonious equilibrium for Human-AI collaboration.

AI: An Alchemy of Personalisation
One of the most substantial advantages AI brings to consumers is the ability of personalization. We can understand it with an example: Netflix provides customers with a subscription-based streaming service for watching TV shows, movies, documentaries, etc. The company is using machine learning algorithms to recommend TV shows and movies to its subscribers based on their watching history and preferences. These personalized recommendations have greatly improved customer engagement and retention, covering about 80% of

streaming hours on the platform. By tailoring the customer experience to everyone's preferences, Netflix has been able to grow and retain customers over longer periods. This shows that AI used as a personalising tool can be used for better customer experience, increased revenues, reduced customer churn and a data-driven insightful business.

While AI-driven personalisation offers us a plethora of advantages, it also poses us with numerous challenges, the most important being the invasion of data privacy and security. As enshrined in Article 21 of the Indian Constitution, and cemented by the Puttaswamy judgement, data privacy is a fundamental right under the Right to Life and should be taken as a grave concern. Accumulating, analysing and selling personal data infringes the basic right and raises concerns about digital personal data privacy and data security. Over this concern, businesses should ensure that they are adhering to data protection rules and regulations and thus protect customer's data from misuse.

Another major concern lies in transparency and trust, with high-profile and large data breaches and leaks, consumers are becoming more and more aware and cautious about how their data is being used. To create a trustworthy relationship with their customer, companies and organisations must ensure transparency regarding the processing of data.

Highlighting the dichotomy of AI, the Indian Prime Minister, Mr Narendra Modi in the Global Partnership on Artificial Intelligence Summit, 2023, said, "Our endeavour is to take full advantage of the capabilities of AI for social development and inclusive growth. India is fully committed to responsible and ethical use of AI. AI is having a significant impact on both present and future generations, but we must proceed with extreme caution."

Deception of the normal audience
In the media and entertainment industries, using AI to make fake comments has effects that go beyond just deceiving people. When people find out that the positive feedback was fake, it can make them less likely to accept such movies and shows, this breach of trust can make viewers disappointed, and they may become less trusting of online material, including reviews and comments. That is if they ever find out and when they find out but until then they keep believing in the ideals that are portrayed here and that is enough to be influenced by the right or wrongs of it.

The use of AI-generated comments to change people's minds also raises a larger social issue. It makes me think about openness, honesty, and the media's and production companies' duty to give their viewers accurate information. These dishonest actions not only hurt the trustworthiness of certain TV shows or films, but they also make people less trusting of online conversations in general.

When used for advertising, fake comments can hurt the reputation of media outlets and production companies over time, as well as the entertainment business as a whole. It talks about how important ethical standards are in content promotion and how important it is to connect with your audience honestly and openly.

The scary world of Deep Fakes
The advent of deepfake technology, generated these days by artificial intelligence even for the purpose of entertainment or creating memes and getting viewership, carries with it immediate

and enduring consequences for both society and individuals. Short-term concerns include the potential for malicious manipulation of authentic audio and video recordings to spread false information and cause deception, which can also further lead to situations like Identity theft. This phenomenon presents security risks, particularly with regard to cyber assaults and fraudulent activities, and further facilitates the possible manipulation of political discourse, which may impact electoral outcomes and erode confidence in governing bodies.

With regard to the distant future, the ongoing prevalence of deepfakes could potentially result in a progressive erosion of confidence in media outlets and digital content. This may present difficulties for users in differentiating between genuine and altered information, thereby giving rise to apprehensions regarding breaches of privacy and the potential repercussions on personal reputations.

Advanced detection technologies, legal and regulatory frameworks, and a re-evaluation of the veracity of digital media may be required to combat deepfakes. Society must ensure that it maintains a delicate equilibrium between the advantages of AI and the vulnerabilities it presents in terms of truth, security, and privacy in order to effectively navigate these ever-changing challenges.

There are concerns over plagiarism and the influence it would have on jobs as artificial intelligence becomes more prevalent in creative sectors such as movie scripting and picture development. Artificial intelligence algorithms are able to analyse enormous amounts of previously published content in order to generate new content, which has the potential to muddy the lines between inspiration and intentional plagiarism. Artificial intelligence has the potential to analyse successful scripts in the film industry in order to generate new ones, which raises problems regarding originality and authorship.

In addition, picture production systems that are powered by artificial intelligence are able to imitate artistic styles and produce visuals that are similar to those created by humans. Original artistic works may be called into question regarding their uniqueness and authenticity as a result of this, which may also give rise to concerns around intellectual property and plagiarism.

There is a growing concern that artificial intelligence technologies, as they become more advanced, may eventually replace specific employment in the creative sectors. Despite the fact that automated content production technologies have the potential to expedite processes, they also have the potential to result in the displacement of traditional positions that involve writing, design, and content development.

Nevertheless, it is essential to keep in mind that artificial intelligence also paves the way for new opportunities, making it possible for creatives to explore innovative collaborations using these technologies. Although artificial intelligence can be helpful in the generation of ideas or the creation of visual elements, the human touch is still extremely vital when it comes to storytelling, emotional depth, and distinctive artistic expression. The key to preserving a dynamic and diverse creative ecosystem is to strike a balance between the incorporation of artificial intelligence and human innovation.

About CERC

Consumer rights protection and justice for consumers have been the focus of Consumer Education and Research Centre (CERC) since its inception in 1978. Each activity undertaken is backed with in-depth research by our Advocacy and Testing Laboratory teams. CERC is India's only Consumer Rights Organisation that provides 360 degree services to the consumer in terms of Education, Empowerment and Protection.

A broad range of activities are undertaken in the organisation – grievance redressal through mediation and litigation, consumer education and awareness building through various publications and outreach activities, testing and analysis of consumer products in our in-house product testing laboratories, advocacy for laws and regulations that better protect consumers, as well as a number of projects executed in various areas pertinent to consumer protection and empowerment. Promoting sustainable consumption too is a major area of activity at CERC.

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