

Chinese regulators to exercise more control over algorithms

August 27 2021



People wearing face masks to help protect from coronavirus using their smartphones walk on a pedestrian overhead bridge in front of the Oriental Pearl TV Tower at the Pudong Financial District in Shanghai, China, on Aug. 25, 2021. Chinese regulators will exercise greater control over the algorithms used by Chinese technology firms to personalize and recommend content, in the latest move in a regulation spree across the internet sector. Credit: AP Photo/Andy Wong

Chinese regulators will exercise greater control over the algorithms used by Chinese technology firms to personalize and recommend content, the latest move in a regulation spree across the internet sector.

China's internet watchdog, the Cyberspace Administration of China, on Friday released a draft proposal of "algorithm recommendation management regulations" aimed at managing how technology companies use algorithms when providing services to consumers.

The move expands the crackdown on the internet sector in China, as regulators seek to strengthen data privacy and consumer rights and curtail anti-competitive practices in order to curb the outsized influence of technology companies.

Under the draft regulations, companies must disclose the basic principles, purpose and operation mechanism of its algorithm recommendation services, and must include convenient options for users to turn off the recommendation service.

Algorithms should also not be used in ways that may cause addictive behaviors in users, or induce them to spend excessively. It was not immediately clear how that would be enforced.

Companies who use algorithms in ways that could influence public opinion must also submit their algorithms for approval, or risk having their service terminated and a fine of up to 30,000 yuan (\$4,630).



A woman walks past the offices of Chinese technology firm Alibaba in Beijing, Tuesday, Aug. 10, 2021. Chinese regulators will exercise greater control over the algorithms used by Chinese technology firms to personalize and recommend content, in the latest move in a regulation spree across the internet sector. The planned regulations could affect companies like ByteDance and Alibaba, which use algorithms to offer personalized services to users. Credit: AP Photo/Mark Schiefelbein

The draft algorithm management regulations could affect companies like ByteDance, which owns short video platforms Douyin and TikTok, as well as e-commerce firm Alibaba.

Bytedance uses recommendation algorithms to push videos to users, while Alibaba's algorithms tailor product recommendations to each user

on its e-commerce platform Taobao based on their browsing and purchasing history.

China's largest technology firms, such as Alibaba and Tencent, have experienced breakneck growth in the last decade as hundreds of millions of Chinese internet users rapidly adopted smartphones.



A man uses his smartphone as he waits to cross an intersection during the evening rush hour in Beijing, Thursday, Aug. 26, 2021. Chinese regulators will exercise greater control over the algorithms used by Chinese technology firms to personalize and recommend content, in the latest move in a regulation spree across the internet sector. The planned regulations could affect companies like ByteDance and Alibaba, which use algorithms to offer personalized services to users. Credit: AP Photo/Mark Schiefelbein

These companies offer everything from payments, games, entertainment and e-commerce. Algorithms and data collected from users became valuable assets as companies could mine data for important trends or recommend more personalized content to users.

However, a lack of regulation in this sector also saw an uptick in excessive collection of user data, online fraud and unfair consumer practices across the technology sector. In some cases, algorithms were also used in differential pricing for consumers.

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Citation: Chinese regulators to exercise more control over algorithms (2021, August 27) retrieved 17 April 2024 from <https://techxplore.com/news/2021-08-china-codes-consumers.html>

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