



COMPETITION AND REGULATION OF ONLINE SHOPPING PLATFORMS IN KENYA

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by: Thomi John
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CCRED
CENTRE FOR COMPETITION,
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Introduction

The paper reviewed competition and regulation of digital markets in Kenya, with focus on online shopping platforms.

Scope of discussion;

- i. Challenges in evaluating digital market's competitiveness
- ii. Is there need to regulate the digital markets further?



Vision: "A Kenyan economy with globally efficient markets and enhanced consumer welfare for shared Prosperity"

Outlook of the Digital Markets

- Ease of internet access
- E - retail surpassed \$4.2 trillion sales
- More digital possibilities through various platforms

- Projected average digital market growth of 7.78%

2020

2025

1990S

2021

- Advent of the Web
- Shift to online transactions
- Increased digital marketing

- A surge in the number of visits on digital platforms via mobile devices at 70%
- Kenya's digital service market achieved a 12% growth in revenue

Characteristics of Online Shopping Platforms in Kenya



- ▶ Range of products and services in one platform;
- ▶ Direct competition within the shopping platforms;
- ▶ Competition with other shopping platforms;

- ▶ Existence of Contracts outlining mode of payment;
- ▶ Geographical Presence



10/11/2022

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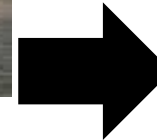
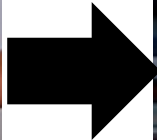
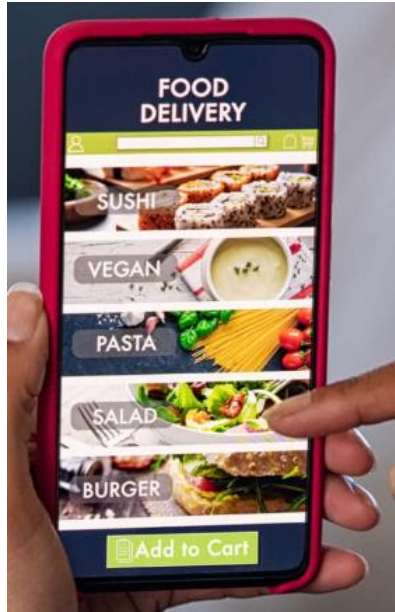
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Regulatory Framework - Kenya



- ▶ The digital market space in Kenya is not regulated under any one particular piece of legislation/set of guidelines instead a variety of laws touch on various aspects e.g.
 - i. The Kenya Information and Communications Act (KICA) facilitate development of information and communications sector and electronic commerce;**
 - ii. Data Protection Act regulates data protection**
- ▶ **The Competition Authority of Kenya (CAK) is mandated to promote and safeguard competition in the national economy.**

Case Study: Unfair Commission Charges by Food Delivery Apps



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Regulatory Challenges in Kenya's Digital Market

- ▶ **Data privacy and access** – Digital platforms that continuously receive data from transactions mediated by them stand at a vantage position in innovation.
- ▶ **Monitoring of transactions (Cross border)** – traceability of vendors is hard and so challenges in monitoring digitized services.
- ▶ **Personal information** – Goods and services are purchased from online markets for “free” in exchange for personal data.
- ▶ **“Algorithmic selection”** – makes the market prone to collusion

Conclusion and Recommendation



The dynamism of the digital economy demands for reinvention of the strategies and tools used to enforce competition law.

- ▶ Expand the current lean mandate of agencies;
- ▶ Improve collaboration and engagement between agencies;
- ▶ Setting up of special units within agency's structures;
- ▶ Agencies to continuously look into literature and best practices, conduct market surveillance and inquiries to determine the products and services that fall within the scope of digital markets.

QUESTION

Feedback:  info@cak.go.ke
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