

**'Switzerland alone has more cloud space than the entire sub-Saharan Africa.'**

ATU secretary-general John Omo



## How East Africa can use AI to unlock e-commerce billions

According to a study, technology could contribute up to \$15.7 trillion to the global economy by 2030

**REVOLUTION**  
**FRIDA INCHOGA & DAVID LEMAYIAN**

Artificial Intelligence (AI) stands at the forefront of technological innovation. It promises to revolutionise industries and economies worldwide. According to a study by PwC, AI could contribute up to \$15.7 trillion to the global economy by 2030. This staggering figure underscores the immense potential AI holds for driving economic growth and prosperity.

However, for e-traders in East Africa - individuals or businesses that conduct retail operations online - to fully capitalise on this opportunity, they must not only embrace AI but also make a deliberate effort to understand its dynamics.

One of the most compelling cases for the use of AI in e-commerce lies in its ability to create new jobs and simultaneously improve existing ones. Today AI allows one to do complex data and sentiment analysis at a much faster rate, and using large language models (LLMs) and Image-Generating AI, we are seeing new categories of digital AI artists. Additionally,

AI is poised to revolutionise industrial turn-around times, boosting productivity and expanding world economies exponentially. For example, by using customer information togeth-

er with external data in AI systems to provide ultra-customised services, a top consumer products enterprise increased annual revenue by hundreds of millions.

However, the truth is that while AI is positioned to revolutionise how we live, it remains an inferior imitation of human ability as far as such human-specific skills such as innovation, critical thinking and creativity are concerned. This means that AI will need a human touch for refinement and to remain relevant to human needs such as enhancing customer interactions and driving operational efficiency.

Additionally, concerns about data privacy have placed AI under the scrutiny of agencies such as the Office of the Data Protection Commission in Kenya, which are tasked with formulating regulations to govern how businesses collect, store and use customer data, including data collected through AI systems.

To weather-proof your business to ensure compliance with consumer protection rules and data policies, it will be imperative to establish robust data governance frameworks, processes and procedures. For instance, as AI gets increasingly useful in advertising, it will raise questions of accuracy of product information. A keen eye on algorithms' logic to avert misleading, exaggerated, biased or unfair information

to market products and services, especially where it affects the consumer, will be important.

There will also be emphasis on cyber-security measures such as encryption, access controls and regular security audits to safeguard AI systems and the data they process. E-commerce players must also respect user autonomy, promote inclusivity and minimise harm as well as invest in customer feedback and complaint mechanisms both for addressing ethical implications as well as building trust and reputation.

Despite these challenges, there are encouraging cases of companies in East Africa harnessing AI to drive e-commerce innovation. For instance, online marketplaces are utilising AI-powered recommendation engines to personalise product recommendations and enhance the shopping experience. Logistics companies are leveraging AI algorithms to optimise delivery routes and minimise transportation costs. Additionally, fintech startups are using AI to detect fraudulent transactions and improve payment security.

To fully realise the potential of AI in e-commerce, it is essential for all ecosystem players to be actively engaged and informed. Gradually, governments have been enacting forward-thinking regulations to foster innovation and safeguard consumer interests.

Businesses should take advantage of the shaping-up enabling environment to invest in AI talent and infrastructure. They should also prioritise ethical AI development and responsible data governance to ensure AI remains an enabler and never a poisoned chalice.

Institutions of higher learning and research institutions should collaborate with industry stakeholders to advance AI research and education. This would greatly whittle down the time it would take to fully align what goes on in universities and technical colleges to the demands in the market.

Convergence of AI and e-commerce presents a transformative opportunity for Kenya and East Africa as a whole. By embracing AI-driven innovation, countries in the region can unlock new sources of economic growth, drive job creation, and enhance competitiveness in the global marketplace.

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key determinant to getting mobile internet, and in extension, the opportunities opened up by 5G technology.

In Kenya, smartphone ownership in urban areas stood at 56 percent and in rural areas at 37 percent by the end of 2022, as per the GSMA report.

However, 10 percent of the smartphone owners were not utilising mobile internet, and out of this number, 27 percent were not aware of mobile internet at all.

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